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ABSTRACT

This guide was developed as an aid to Oklahoma teachers in integrating economic ideas and related learning activities in the school curriculum. Primary application will be in the social studies because of the special relevance of economics to this area; however, business education and certain other areas also offer opportunities for developing economic understanding. The guide presents materials for the elementary level and the secondary level. Each section of each grade level begins with a brief overview discussing the major concepts, after which there is a listing of economic ideas and classroom activities. A glossary defining economic terms and listings of supplementary materials with economic content are included. (MF)

ECONOMIC EDUCATION CURRICULUM GUIDE

K-12

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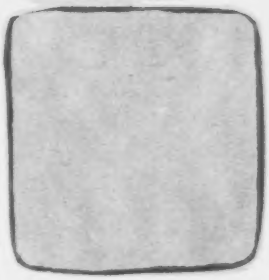
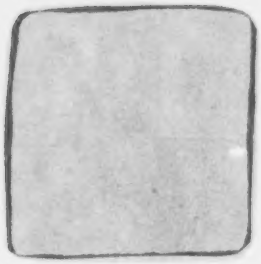

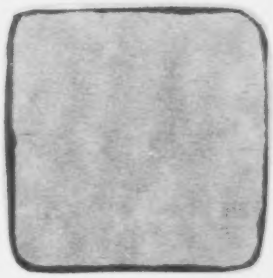

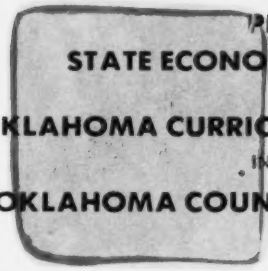

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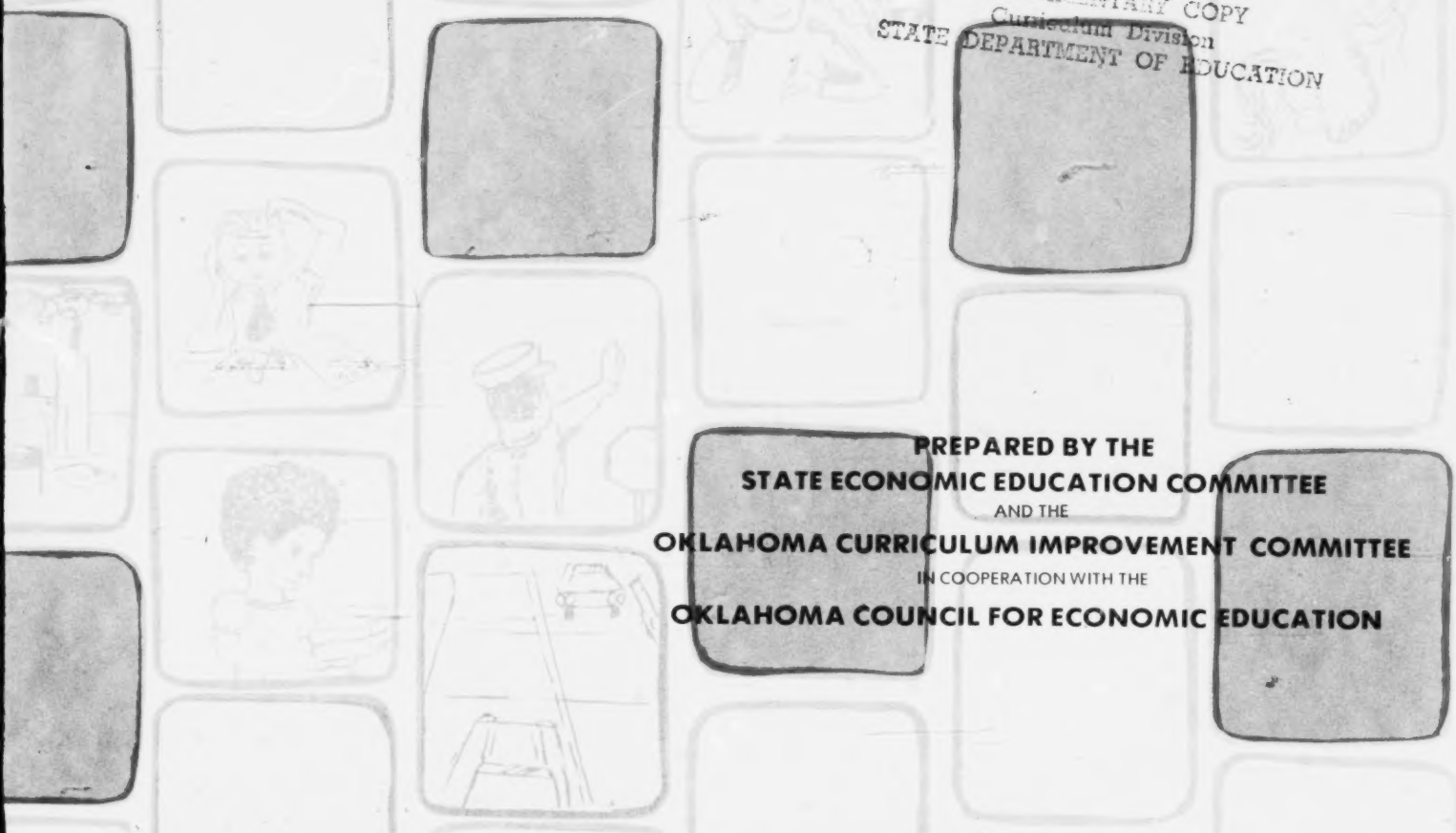

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ECONOMIC EDUCATION CURRICULUM GUIDE [K - 12]

Prepared by the
State Economic Education Committee
and the
Oklahoma Council for Economic Education
Willis Wheat, President
Clayton Millington, Director
Pauline Kopecky, Assistant Director
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W. D. Carr, Chairman
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1972

FOREWORD

This curriculum guide has been developed as an aid to teachers in working toward helping the students in Oklahoma schools achieve a high degree of economic literacy. The activities are designed to encourage students to make rational choices in solving economic problems they will face as individuals and as citizens of their City, State, and Nation.

To be effective our schools must prepare students at all grade levels to develop an understanding and to participate in our present and future economy. This presents an exciting challenge to the teacher, who is the key person in helping students develop analytical tools necessary for understanding our vast and rapidly changing American economy. We want to thank all of those who participated in this project and to those who gave of their time so willingly in the final editing of the material.

In meeting this challenge, I commend the many Oklahoma educators who have successfully developed a meaningful approach in providing economic education from kindergarten through grade twelve. It is my hope that this guide will be useful to the teachers and administrators of the State.

The State Department of Education gratefully acknowledges the contribution of the Center for Economic Education, the Oklahoma Council on Economic Education and the Oklahoma Curriculum Improvement Commission for their efforts in developing this guide.

Leslie Fisher
State Superintendent of Public Instruction

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The Oklahoma Curriculum Improvement Commission has provided assistance and leadership in the developn this curriculum guide. Many teachers in the initial planning meetings at McAlester, Tulsa, Oklahoma City, L Weatherford and Ponca City provided material for this booklet.

Special acknowledgment should be given to the following for their contribution to this guide.

Writing Team for Elementary Guide

Idella Lohmann, Oklahoma State University
Pauline Kopecky, Oklahoma State University
Larry Scheer, Tulsa University
Keith Stone, State Department of Education
Clayton Millington, Oklahoma State University

Writing Team for Secondary Guide

American Government — Geraldine Rosenthal, Tulsa Public Schools
American History — Vincent Patrick, Tulsa Public Schools
Business Education — Lloyd Garrison, Oklahoma State University
Personal Economics — Burton Brown, State Department of Consumer Affairs
World Geography — Elijah Adair, Tulsa Public Schools

Those who contributed material for a course in Oklahoma History and in economics are too numerous to m The Center for Economic Education staff at Oklahoma State University used these materials for the original d these two courses and the overall revision of all written materials. Final editing was done by Dr. Clayton Milli general editor, assisted by Pauline Kopecky, Lynda Wimmer, and Bill Rickman, OSU graduate students, a Clifford Wright and Peggy Gill of the State Department of Education. We are indebted to Linda Norton for the c art work.

The staff of the Curriculum Division of the State Department of Education and the Center for Economic Edu wishes to jointly express their appreciation to the administrators of the numerous school systems in Oklahom cooperated in planning the regional meetings which were held to critique the preliminary guide. The fol discussion leaders deserve a special thanks for promoting economic literacy in Oklahoma.

Primary Grades
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Oklahoma History
Vincent Patrick
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Economics
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June Welling
Ken Muncy

Business Educat
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Allie Dale L

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CONTENTS

Page

FOREWORD ii

ACKNOWLEDGMENT iii

CONTENTS ..... iv-v

INTRODUCTION vi

HOW TO USE THIS GUIDE vii

Elementary Level

I. Economic Wants, Overview 1
Grades K-3 2
Grades 4-6 4

II. Scarcity and the Need for Decision-making, Overview 7
Grades K-3 8
Grades 4-6 10

III. Need for an Economic System, Overview 13
Grades K-3 14
Grades 4-6 16

IV. Consumption, Overview 19
Grades K-3 20
Grades 4-6 21

V. Production, Overview 23
Grades K-3 25
Grades 4-6 26

VI. The Role of Money, Overvie
Grades K-3 .....
Grades 4-6 .....

VII. The Market Economy of t
United States, Overview
Grades K-3 .....
Grades 4-6 .....

VIII. The Economic Role of Go
The American Economy,
Grades K-3 .....
Grades 4-6 .....

IX. Economic Growth and Pri
Stability, Overview ....
Grades K-3 .....
Grades 4-6 .....

X. The United States and the
Grades K-3 .....
Grades 4-6 .....

SELECTED ECONOMIC EDUCATION
FOR THE ELEMENTARY GRADE

CONTENTS

Page

...ii

NT ...iii

...iv-v

...vi

GUIDE ...vii

Elementary Level

omic Wants, Overview ...1
s K-3 ...2
s 4-6 ...4

ty and the Need for Decision-
king, Overview ...7
s K-3 ...8
s 4-6 ...10

for an Economic System, Overview ...13
s K-3 ...14
s 4-6 ...16

mption, Overview ...19
s K-3 ...20
s 4-6 ...21

ction, Overview ...23
s K-3 ...25
s 4-6 ...26

Page

VI. The Role of Money, Overview ...30
Grades K-3 ...31
Grades 4-6 ...32

VII. The Market Economy of the United States, Overview ...37
Grades K-3 ...38
Grades 4-6 ...39

VIII. The Economic Role of Government in The American Economy, Overview ...42
Grades K-3 ...43
Grades 4-6 ...44

IX. Economic Growth and Price Stability, Overview ...47
Grades K-3 ...48
Grades 4-6 ...49

X. The United States and the World Economy ...54
Grades K-3 ...55
Grades 4-6 ...55

SELECTED ECONOMIC EDUCATION MATERIALS FOR THE ELEMENTARY GRADES ...58

CONTENTS

Page

Secondary Level

OKLAHOMA HISTORY, OVERVIEW 61
- Natural Resources 63
- Human Resources 64
- Capital Resources 65
- Catalysts of Growth 66
- Growth and Quality Environment 67
- Career Decisions 69
- Bibliography 70

WORLD GEOGRAPHY, OVERVIEW 72
- The City as an Economic System 74
- Trade Among Nations 76
- What's Good About Your Community 78
- Bibliography 79

AMERICAN GOVERNMENT, OVERVIEW 80
- The Role of Government in the Economic Development and Growth of the United States 82
- Bibliography 88

AMERICAN HISTORY, OVERVIEW 89
- On the Domestic Scene 91
- On the International Scene 93
- Bibliography 98

ECONOMICS, OVERVIEW .....
- Fiscal and Monetary Policies for Stable Economic Growth .....
- Bibliography .....

ECONOMICS IN THE BUSINESS EDUCAT CURRICULUM, OVERVIEW .....
- Money and Banking Services .....
- Using Credit Wisely .....
- Saving and Investment .....
- Bibliography .....

PERSONAL ECONOMICS, OVERVIEW .....
- The Allocation of Resources and the Decisionmaking Process .....
- Bibliography .....

SELECTED ECONOMIC EDUCATION MA FOR SECONDARY SCHOOLS

GENERAL GLOSSARY .....

CONTENTS

Page

Secondary Level

)VERVIEW 61
..... 63
..... 64
..... 65
..... 66
Environment 67
..... 69
..... 70

VERVIEW 72
mic System 74
s 76
Your Community 78
..... 79

NT, OVERVIEW 80
ment in the Economic
Growth of the
..... 82
..... 88

VERVIEW 89
ne 91
Scene 93
..... 98

Page

ECONOMICS, OVERVIEW 99
Fiscal and Monetary Policies
for Stable Economic Growth 101
Bibliography 107

ECONOMICS IN THE BUSINESS EDUCATION
CURRICULUM, OVERVIEW 108
Money and Banking Services 110
Using Credit Wisely 111
Saving and Investment 113
Bibliography 117

PERSONAL ECONOMICS, OVERVIEW 118
The Allocation of Resources and the
Decisionmaking Process 119
Bibliography 121

SELECTED ECONOMIC EDUCATION MATERIALS
FOR SECONDARY SCHOOLS 122

GENERAL GLOSSARY 124

INTRODUCTION

The objective of this economics guide is to present Oklahoma teachers and administrators with an abbreviated "educational roadmap" for integrating illustrative economic ideas and related learning activities in the school curriculum. The primary thrust will be in the social studies because of the special relevance of economics to this area which spans all grade levels; however, business education and certain other areas also offer significant opportunities for developing economic understanding.

Because of space limitations, the economic ideas and activities presented here will be limited in number and scope; but it is hoped this material will give educators enough orientation for teaching a few basic concepts in a meaningful and rewarding manner. A perusal of this guide should make one aware that **curriculum planning** in every school will be essential to a balanced, coordinated, and effective economic education program at all grade levels. The purpose here is **not** to establish a separate series of courses in economics; rather the goal is to spiral the learning of economics **in conjunction with** the other social sciences so that our students will be able to function with greater understanding and competence in American society. Most of the proposed concepts should be relevant to any school's curriculum irrespective of its format (graded, non-grades, Modular, etc.). Just as the scope of economic ideas and activities in the guide can be expanded, so too will many educators wish to add behavioral objectives and formalized plans for evaluation. Some schools may wish to schedule in-service programs on the use of the guide. Other schools may wish to establish formal three-year programs in cooperation with the Oklahoma Council on Economic Education. This organization, the Oklahoma Curriculum Improvement Commission and the State Department of Education stand ready to provide every possible assistance.

Work with this guide will undoubtedly represent a first experience in economic education for many teachers and administrators. We wish you a happy beginning and much success in a most important endeavor.

CLAYTON MILLINGTON
Executive Director
Oklahoma Council on Economic Education

CLIFFORD WRIGHT
Administrator of Curriculum
State Department of Education

HOW TO USE THIS GUIDE

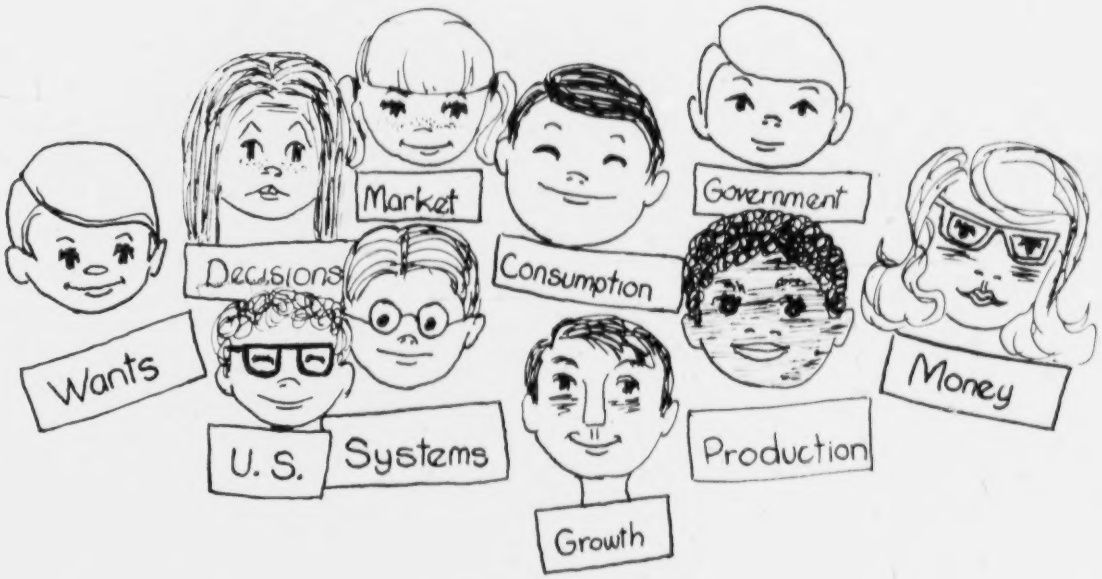
These guidelines may be helpful to you in your daily task of content selection.

1. Each section begins with a brief narrative discussing the major economic concepts. After this overview, there is a brief listing of economic ideas and classroom activities to facilitate effective learning.

2. Each idea is numbered and relates directly to the corresponding activity which has the same number.

3. A definition of economic terms used within each of the major topics developed at the elementary level are found at the end of each unit; the definition of economic terms for each secondary level course are also found at the end of each section. All economic terms included in both the elementary and secondary level materials have been collected and appear in the General Glossary at the end of this publication.

4. An extremely brief reference of selected supplementary materials with economic content are found at the end of the guide for elementary grades and at the end of each secondary course section. There is also a more general listing of secondary level materials at the end of this publication.



ECONOMIC EDUCATION
ELEMENTARY LEVEL

This material is designed to assist you in introducing basic economic concepts to your students in social studies. The sequential arrangement by primary and by intermediate level does not necessarily mean this material should be taught in order of presentation or at the level indicated. Indeed, some of the economic ideas presented at the secondary level may be appropriate in the upper elementary grades. The general glossary at the back of the guide should be helpful in defining the economic terms used. Please consider these materials only as a starting point from which you can expand and enrich your social studies program according to the needs, backgrounds, and interests of your students.

I. ECONOMIC WANTS

Overview

Every country has a common economic problem. It has limited resources for satisfying the unlimited wants of people for economic goods and services. Moreover, new inventions — applied in the production and marketing systems of the U.S. — are making possible more and more new products such as year-around air-conditioning, color television, and supersonic transportation that appeal to our "wants." All of us have to make choices, and the study of economics is primarily concerned about our making the best possible decisions for the optimum use of available resources.

By definition, economic goods and services are so scarce that people will pay for them. Ice cream cones, hamburgers, cars, haircuts, and education are in this category; but the air we n

As individuals, we have wants for items su and toothbrushes. As a family, we desire hous citizens, we join together in buying the school highways, and other public services.

Students will find it is easy to distinguish be (such as tables, houses, and toys) and *economi* protection, education, haircuts, and auto repair is important because a majority of American w economic services.

I. ECONOMIC WANTS

Overview

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ds and services are so scarce that people cones, hamburgers, cars, haircuts, and education are in this category; but the air we normally breathe is not.

As individuals, we have wants for items such as clothing, combs, and toothbrushes. As a family, we desire housing and appliances. As citizens, we join together in buying the schools, parks, fire stations, highways, and other public services.

Students will find it is easy to distinguish between *economic goods* (such as tables, houses, and toys) and *economic services* (such as fire protection, education, haircuts, and auto repair labor). This distinction is important because a majority of American workers are producers of economic services.

I. ECONOMIC WANTS

Grades K—3

Economic Ideas

1. Families want many things. These wants include "necessities" as well as luxuries.

2. Family wants are for both goods and services.

3. Some wants are for individual members of the family and some are for the entire family; so families must allocate their resources carefully to best satisfy the wants they consider most important.

Activities

1. Have a bulletin-board display of pictures categ headings: "Luxuries" and "Necessities." (Students w personal drawings or from magazines and will be perm according to their concepts of economic wants.) Pe with wants of people in other countries.

2. Ask students to tell about the activities of their f pictures of some of the activities of their family. A may decide which activities depict goods and whic Mature students might work in small groups preparir

Goods We Want

3. (a) Have students make booklets including eac Family members may be represented by p catalogs. Under each picture the children will wants for that individual. (Students might family to get information and bring actual phot pictures.) Through discussion, lead students when each want is satisfied some family reso purpose; and these same resources are no lon wants the family will have.

   (b) Have children draw or describe some want fo saving such as a new car, a house, color TV, ins children may work with a hypothetical budget saved from the monthly income in order to secu of time.) Note that financial institutions will p use of savings deposits.

I. ECONOMIC WANTS
Grades K—3

onomic Ideas

iny things. These wants include
well as luxuries.

e for both goods and services.

for individual members of the
are for the entire family; so
ocate their resources carefully to
e wants they consider most

Activities

1. Have a bulletin-board display of pictures categorized under the following headings: "Luxuries" and "Necessities." (Students will contribute pictures from personal drawings or from magazines and will be permitted to arrange the display according to their concepts of economic wants.) Perhaps this can be compared with wants of people in other countries.

2. Ask students to tell about the activities of their family for one day or draw pictures of some of the activities of their family. After each response the class may decide which activities depict goods and which activities depict services. Mature students might work in small groups preparing two lists:

Goods We Want	Services We Want

3. (a) Have students make booklets including each member of their family. Family members may be represented by pictures from magazines or catalogs. Under each picture the children will draw or list three personal wants for that individual. (Students might interview members of their family to get information and bring actual photographs instead of magazine pictures.) Through discussion, lead students to the understanding that when each want is satisfied some family resources must be used for this purpose; and these same resources are no longer available to satisfy other wants the family will have.

   (b) Have children draw or describe some want for which the entire family is saving such as a new car, a house, color TV, insurance, etc. (More advanced children may work with a hypothetical budget to show how much must be saved from the monthly income in order to secure this item in a given length of time.) Note that financial institutions will pay interest for the temporary use of savings deposits.

Economic Ideas	Activities
4. The wants of families are never-ending. As existing wants are satisfied, new ones are created.	4. (a) Play the game "Then What." Pupils will select items wants represented by replicas, pictures, or words and would create further wants. For example: A bicycle for: Good roads or paths, tag, basket, lock, or bicycle might involve: Doll clothes, house, Ken Doll. (b) Have students discuss recent purchases in the ho washing machine, clothing, table, chairs, etc.) Exan purchased a new dress. Was it because the old one wa it was a new style she liked? Joe's family purchased a family purchase the new set because they preferred col (Arrive at generalization that wants are ongoing be change and because improved products come on the ma
5. Wants vary from family to family. Each family decides on the wants it considers most important to satisfy.	5. (a) Have students compare and contrast the needs of units: 1) Father, mother, and small baby living in an apartm 2) Mother and two small children living in a small villa 3) Mother, father, grandmother, and 18-year-old boy li 4) Mother, father, and five children living on a farm. (b) Show slides, filmstrips, or pictures of families living i in different locations. (For example: A family living n want a boat while a family living on a farm might want
6. Within a family, both the individual wants of members of the family and the collective wants of the family as a unit tend to change as the children grow older. Savings contribute to the satisfaction of future wants.	6. (a) Make a scrapbook showing how wants change as Students will include pictures of wants at different sta and project wants for the future. For example, un headings students can arrange pictures to show their w When I was a Baby I Needed These Goods and Servi When I was Four I Needed These Goods and Service Now That I am_____, I Need These Goods and Serv When I am Sixteen I will Need These Goods and Ser When I am Grown I will Need These Goods and Serv (b) Have students make a list or draw pictures of things no longer want because they are getting older.

ic Ideas

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Activities

4. (a) Play the game "Then What." Pupils will select items from a collection of wants represented by replicas, pictures, or words and tell how each of these would create further wants. For example: A bicycle might generate wants for: Good roads or paths, tag, basket, lock, or bicycle service. A Barbie Doll might involve: Doll clothes, house, Ken Doll.

   (b) Have students discuss recent purchases in the home. (Color TV, car, washing machine, clothing, table, chairs, etc.) Example: Jane may have purchased a new dress. Was it because the old one was worn out or because it was a new style she liked? Joe's family purchased a new color TV. Did his family purchase the new set because they preferred color to black and white? (Arrive at generalization 'hat wants are ongoing because people's tastes change and because improved products come on the market.)

5. (a) Have students compare and contrast the needs of the following family units:
   1) Father, mother, and small baby living in an apartment.
   2) Mother and two small children living in a small village in Alaska.
   3) Mother, father, grandmother, and 18-year-old boy living in a big city.
   4) Mother, father, and five children living on a farm.

   (b) Show slides, filmstrips, or pictures of families living in different cultures or in different locations. (For example: A family living near the seashore may want a boat while a family living on a farm might want a horse.)

6. (a) Make a scrapbook showing how wants change as people grow older. Students will include pictures of wants at different stages in their own lives and project wants for the future. For example, under these or similar headings students can arrange pictures to show their wants:
   When I was a Baby I Needed These Goods and Services
   When I was Four I Needed These Goods and Services
   Now That I am_____, I Need These Goods and Services
   When I am Sixteen I will Need These Goods and Services
   When I am Grown I will Need These Goods and Services

   (b) Have students make a list or draw pictures of things they own which they no longer want because they are getting older.

Economic Ideas	Activities
7. A source of family income is necessary for the satisfaction of wants.	7. Students might list immediate wants of his family. discuss this assignment with the family before re
	The teacher can provide newspaper ads, catalogs and maga out how much each will cost. Follow this assignment with do Families Get the Things They Want?"
	I. ECONOMIC WANTS **Grades 4—6**
1. People's wants vary because of geographic location.	1. Display pictures entitled "How People Around the filmstrips, and pictures of families living in differen of communities. Have students discuss how peo locations would have different wants for such thing and recreation.
2. People's wants vary because of cultural differences, but all people have primary wants for food, clothing, and shelter.	2. Extend the above activity. Have students identify people throughout the world. However, they sh many categories of wants are common, the particu wants will differ around the world. (NOTE: She Africa.)

Economic Ideas

amily income is necessary for the
wants.

ts vary because of geographic

nts vary because of cultural
t all people have primary wants for
, and shelter.

Activities

7. Students might list immediate wants of his family. (Some students may wish to discuss this assignment with the family before responding.)

The teacher can provide newspaper ads,catalogs and magazines so the students can find out how much each will cost. Follow this assignment with a brief discussion of: "How do Families Get the Things They Want?"

I. ECONOMIC WANTS
Grades 4—6

1. Display pictures entitled "How People Around the World Live," or show slides, filmstrips, and pictures of families living in different cultures or in different types of communities. Have students discuss how people in different geographical locations would have different wants for such things as clothing, housing, health, and recreation.

2. Extend the above activity. Have students identify wants that are common to all people throughout the world. However, they should recognize that although many categories of wants are common, the particular goods which satisfy their wants will differ around the world. (NOTE: Shelter in Alaska vs. shelter in Africa.)

Economic Ideas	Activities
3. People's wants vary because of personal preferences and age differences.	3. Have each student write about a favorite possession he ha tell why he no longer needs or wants it. Students might d they will want most when they are 20, 30, and 50 years of a
4. People's wants change as new things are discovered or invented.	4. Have groups of students role play how families now livin back in time to 1870, and show how inventions and disc serve the current wants of people.
5. People's choices for satisfying their wants are limited by their income.	5. Have students compare choices for satisfying economic families having the same amount of income but differing Family A consists of father, mother, and a ten-year old so father, mother, a twelve-year old daughter, an eight-yea month old baby daughter.
6. People work together to satisfy collective wants in the neighborhood, city, state, and nation.	6. Identify goods and services we buy together (collectively roads, and army. Identify organized groups who work to and services for the benefit of the neighborhood, city, sta Fund, governments at each level, etc.) Divide the cla research and share information about the function of su some groups would be governmental and some would be p

Definition of Terms

Collective wants — Goods and services which members of a society seek together. For example: str satisfy the desire of many people for a transportation system.

Credit — A promise of future payment in exchange for present goods, services, or money.

Economic goods — Things people, families, communities, and nations use to satisfy their wants that relatively scarce. Some goods, such as food, directly satisfy wants; others, such machinery and tools, indirectly satisfy wants.

Ideas	Activities
because of personal ferences.	3. Have each student write about a favorite possession he had as a young child and tell why he no longer needs or wants it. Students might discuss what they think they will want most when they are 20, 30, and 50 years of age.
e as new things are	4. Have groups of students role play how families now living would react if thrust back in time to 1870, and show how inventions and discoveries anticipate and serve the current wants of people.
tisfying their wants are .	5. Have students compare choices for satisfying economic wants of two different families having the same amount of income but differing in number of children. Family A consists of father, mother, and a ten-year old son. Family B consists of father, mother, a twelve-year old daughter, an eight-year old son, and a three-month old baby daughter.
satisfy collective wants ty, state, and nation.	6. Identify goods and services we buy together (collectively); e.g., schools, parks, roads, and army. Identify organized groups who work together to secure goods and services for the benefit of the neighborhood, city, state, and nation. (United Fund, governments at each level, etc.) Divide the class into committees to research and share information about the function of such organized groups — some groups would be governmental and some would be private.

Definition of Terms

wants — Goods and services which members of a society seek together. For example: streets satisfy the desire of many people for a transportation system.

A promise of future payment in exchange for present goods, services, or money.

goods — Things people, families, communities, and nations use to satisfy their wants that are relatively scarce. Some goods, such as food, directly satisfy wants; others, such as machinery and tools, indirectly satisfy wants.

Definition of Terms

Economic services — The work of people, such as teachers, repairmen, or musicians, whose satisfy the wants of individuals, families, communities, and nations.

Installment credit — Goods or services purchased on terms which call for partial paymen specified time period.

Interest — Payment for use of money owned by someone else, thus income to those money to others. (Economists consider interest as a return to the own capital.)

NOTE:
Many of the words have more than one meaning; only the definitions which apply to the material in this unit here. New terms used in other units will be found at the end of each of the respective units. A general containing all terms used in both the elementary and the secondary grades, is found on page 124.

Definition of Terms

conomic services — The work of people, such as teachers, repairmen, or musicians, whose activities satisfy the wants of individuals, families, communities, and nations.

nstallment credit — Goods or services purchased on terms which call for partial payments over a specified time period.

nterest — Payment for use of money owned by someone else, thus income to those who lend money to others. (Economists consider interest as a return to the ownership of capital.)

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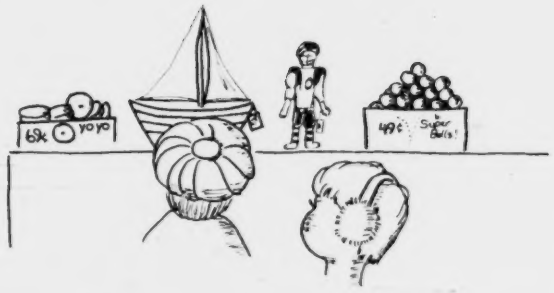
any of the words have more than one meaning; only the definitions which apply to the material in this unit are given ere. New terms used in other units will be found at the end of each of the respective units. A general glossary, ntaining all terms used in both the elementary and the secondary grades, is found on page 124.



II. SCARCITY AND THE NEED FOR DECISIONMAKING

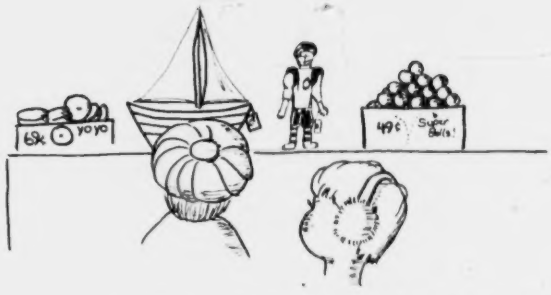
Overview

New inventions and technological innovations often permit more efficient use of the resources than are available to a society, but there are never enough resources to satisfy all of the never-ending wants of people. Because we cannot have everything we want, *scarcity* is an economic fact of life.

As individuals, we have to make choices among the alternative ways we can use our time and spend our money. Similarly, through our elected representatives, we have to make difficult decisions about how our neighborhood, city, state, and nation can best use their available resources to provide desired services.

Whenever a resource is used for one purpose, it is obviously no longer available for other uses. A family may have to postpone a vacation trip because the house needs a new roof. If a child uses 10 cents to buy an ice cream cone, he foregoes the opportunity of placing this same money in a savings account. If a na
of production for military facilities and
opportunity of using these particular funds
other public services. Therefore, economists
using scarce resources in a particular way as
we thus forego opportunities for other uses of

In the market place and in the voting boo
American citizens must make continual de
scarce resources. Basic decisions about *res*
made by individuals, families, private organ
government. The proportion of resources
consumption (e.g., cars and clothing) versu
parks, and schools) is never fixed as citizens
opportunity costs involved.



II. SCARCITY AND THE NEED FOR DECISIONMAKING

Overview

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d services.

used for one purpose, it is obviously no
uses. A family may have to postpone a
house needs a new roof. If a child uses 10
one, he foregoes the opportunity of placing
this same money in a savings account. If a nation commits $100 million of production for military facilities and equipment, it loses the opportunity of using these particular funds to support education and other public services. Therefore, economists refer to the real cost of using scarce resources in a particular way as *opportunity cost* because we thus forego opportunities for other uses of the same resources.

In the market place and in the voting booth, each new generation of American citizens must make continual decisions about the use of scarce resources. Basic decisions about *resource allocation* must be made by individuals, families, private organizations, and all levels of government. The proportion of resources to be used for private consumption (e.g., cars and clothing) versus public use (e.g., roads, parks, and schools) is never fixed as citizens continually reassess the opportunity costs involved.

II. SCARCITY AND THE NEED FOR DECISIONMAKING

Grades K–3

Economic Ideas	Activities
1. A family's wants exceed its income, so some wants must wait — choices must be made.	1. Have the students make "wishing pictures" showin get if they could have anything they wanted. Discus in their "wishing pictures."
	(a) Students draw pictures of things they want tha indicate the order of importance of the items third choice if only one want can be satisfied at t
	(b) Through simulation develop the idea that choic to income: Have students contribute to a class displays, and affix price tags to articles. Tell e amount of money to purchase items he wants, must retain enough money to buy his lunch an use. Ask students to give reasons for the choices
	(c) From the following list of activities and ch determine how he would spend the dollar given h
	Merry-go-round — 15 cents Hot Animal Show — 25 cents Har Spook House — 15 cents Pop Sky Ride — 30 cents Cok
	(d) Have each student consider how he would spen the day before the fair opened. Would all the Would he put some of the money in a savin something else he wants?
2. In sharing the family income, members of a family are responsible for their spending choices.	2. Have the children play a "what our family would lik of family members' wants have been made, the ch drawn to the following:
	(a) The lists are incomplete. For example: had each what he wanted, each list would be practically w
	(b) The different lists contain similar and dissi similar and dissimilar wants of different fam members. With this list of different family nee or write stories about "why families don't bu

II. SCARCITY AND THE NEED FOR DECISIONMAKING

Grades K–3

mic Ideas

exceed its income, so some
– choices must be made.

mily income, members of a
ble for their spending choices.

Activities

1. Have the students make "wishing pictures" showing all the things they would get if they could have anything they wanted. Discuss the things the children put in their "wishing pictures."
   (a) Students draw pictures of things they want that cost about $1. Have them indicate the order of importance of the items by listing first, second, and third choice if only one want can be satisfied at the moment.
   (b) Through simulation develop the idea that choices must be made in relation to income: Have students contribute to a classroom toy store, arrange the displays, and affix price tags to articles. Tell each student he has a certain amount of money to purchase items he wants, with the stipulation that he must retain enough money to buy his lunch and also a tablet for his school use. Ask students to give reasons for the choices they made.
   (c) From the following list of activities and charges, have each student determine how he would spend the dollar given him for a local fair:

Merry-go-round	– 15 cents	Hot dogs	– 20 cents
Animal Show	– 25 cents	Hamburger	– 25 cents
Spook House	– 15 cents	Pop Corn	– 15 cents
Sky Ride	– 30 cents	Coke	– 20 cents

   (d) Have each student consider how he would spend $10 received from an uncle the day before the fair opened. Would all the money be spent at the fair? Would he put some of the money in a savings bank? Or, would he buy something else he wants?

2. Have the children play a "what our family would like to have" game. When lists of family members' wants have been made, the children's attention should be drawn to the following:
   (a) The lists are incomplete. For example: had each member of the family listed what he wanted, each list would be practically without end.
   (b) The different lists contain similar and dissimilar items illustrating the similar and dissimilar wants of different families and of different family members. With this list of different family needs, have the students discuss or write stories about "why families don't buy all the things they want."

Economic Ideas	Activities
3. Choices are influenced by cultural, geographic, and climatic factors.	3. Read stories and show slides, filmstrips, or pictures of cultures or in different locations; and consider how th student gather information about people's different cu communicate their findings by (a) writing stories as teacher, (b) preparing displays, (c) and /or role playi
4. For optimum allocation of its resources, a family must plan ahead and budget the income of its employed members for those *priority* expenditures it desires most.	4. From the list given below, have students number in they consider most essential in a family budget. (Childr read can put numbers on pictures supplied by the teac of their importance to family needs.) Food House Rent New Car Vacation Replacement of worn-out clothing Have the students discuss their view of the criteria considered when deciding on the priority of specific g be bought with a family's limited income.
5. To the extent feasible, a family should "shop" for sources of goods and services that will supply its wants most economically and effectively.	5. Let the students tell why they prefer one item when co of food, clothing or toys. Let each decide which is the " the reason for their choice. Consider the implications o goods and services. Students can take a field trip to a local grocery store to brands of goods.
6. Sometimes individuals or families choose to forego certain purchases so that they will be better able to buy what they desire later. Income not immediately spent becomes part of the family's savings.	6. Problem: You are saving for a toy that costs $4. If you for doing chores, how long will it take to save the mon of it in the meantime? Have children name the wants th have the toy. Also note how each member of a family n time to buy a new TV or other item all the family would

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Activities

3. Read stories and show slides, filmstrips, or pictures of families living in different cultures or in different locations; and consider how their wants differ. Have the student gather information about people's different cultures and regions and the communicate their findings by (a) writing stories as a group dictating to the teacher, (b) preparing displays, (c) and/or role playing.

4. From the list given below, have students number in sequential order the items they consider most essential in a family budget. (Children who have not learned to read can put numbers on pictures supplied by the teacher or draw items in order of their importance to family needs.)

   Food
   House Rent
   New Car
   Vacation
   Replacement of worn-out clothing

   Have the students discuss their view of the criteria (important factors) to be considered when deciding on the priority of specific goods and services that will be bought with a family's limited income.

5. Let the students tell why they prefer one item when comparing two similar items of food, clothing or toys. Let each decide which is the "better buy" and then give the reason for their choice. Consider the implications of both price and quality of goods and services.

   Students can take a field trip to a local grocery store to compare prices of different brands of goods.

6. Problem: You are saving for a toy that costs $4. If you are paid 50 cents a week for doing chores, how long will it take to save the money if you do not spend any of it in the meantime? Have children name the wants they would forego in order to have the toy. Also note how each member of a family might save over a period of time to buy a new TV or other item all the family would use.

Economic Ideas	Activities
7. The real cost of any item is the foregone opportunity to purchase other items with the same resources. In economics, this is called *opportunity cost.*	7. Have students play the game, "Either-Or." Give stude and state that they may have either a football or a bas etc. After students have made selections, help them un was what they had to give up in order to get it.

II. SCARCITY AND THE NEED FOR DECISIONMAKING

Grades 4—6

1. Resources are limited; so cities, states, or nations cannot have everything their citizenry want. Therefore, society has to decide which things are most important or give the greatest amount of satisfaction.	1. Have a simulated activity in which students rolepla meeting discussing the pros and cons of such issues as (a) Need for a new library versus need for a swimmin (b) Tax money for summer recreation program ve improvement and sidewalks. (c) A particular school bond.
2. Citizens may choose to give up some personal expenditures in order to obtain certain public goods or services.	2. Problem-Solving Situation: A local election is to decid to establish a city zoo. As taxpayers your family wil $25 in taxes each year for the zoo, and this means $25 clothing, etc. What do you think your family would be to meet this obligation? Students can respond individ responses can be compared. Some students may feel high.
3. Unusual situations, such as war, may cause a society to reallocate resources very rapidly.	3. Have students study about the rationing and price enforced by the U.S. Government during World War such controls seemed necessary (when consumer supply). Why were wage and price controls reinstated shortage of consumer goods?

nomic Ideas	Activities
any item is the foregone urchase other items with the In economics, this is called	7. Have students play the game, "Either-Or." Give students a list of paired "wants" and state that they may have either a football or a baseball; a new coat or a dog, etc. After students have made selections, help them understand that the real cost was what they had to give up in order to get it.

II. SCARCITY AND THE NEED FOR DECISIONMAKING

Grades 4—6

ted; so cities, states, or nations rything their citizenry want. has to decide which things are r give the greatest amount of	1. Have a simulated activity in which students roleplay their parents at a town meeting discussing the pros and cons of such issues as: (a) Need for a new library versus need for a swimming pool. (b) Tax money for summer recreation program versus tax money for street improvement and sidewalks. (c) A particular school bond.
ose to give up some personal order to obtain certain public .	2. Problem-Solving Situation: A local election is to decide whether the people desire to establish a city zoo. As taxpayers your family will be assessed an additional $25 in taxes each year for the zoo, and this means $25 less to spend on toys, food, clothing, etc. What do you think your family would be willing to give up in order to meet this obligation? Students can respond individually or by committee, and responses can be compared. Some students may feel the cost of the zoo is too high.
ns, such as war, may cause a ate resources very rapidly.	3. Have students study about the rationing and price-control system which was enforced by the U.S. Government during World War II. Have them discuss why such controls seemed necessary (when consumer goods were in such short supply). Why were wage and price controls reinstated in 1971 when there was no shortage of consumer goods?

Economic Ideas	Activities
4. Decisions on the allocation of resources are influenced by cultural and political factors.	4. Have the students consider how the allocation of resour goods, raw materials, capital equipment and natural handled differently by Russia.
5. Collective goods or services can be provided only when the necessary resources are available.	5. Divide pupils into groups of four or five to research following by means of graphs, charts, or pictures: (a) 1) The percent of the local tax dollar that is used additional support comes from the state.) 2) How the remainder of the local tax dollar is divid (b) How a local church budget is allocated. (c) How such agencies as the United Fund, the March Cross allocate their resources. (This type of activi opportunity to interview persons in the commu information.)
6. The American economy offers a wide variety of goods and services from which to choose.	6. Ask each student to bring ads from newspapers and mag variety of coats or some other commodity on the market. ads, have children tell which coat they would choose and w

mic Ideas

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ral and political factors.

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resources are available.

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from which to choose.

Activities

4. Have the students consider how the allocation of resources — people, consumer goods, raw materials, capital equipment and natural resources — might be handled differently by Russia.

5. Divide pupils into groups of four or five to research and explain one of the following by means of graphs, charts, or pictures:
   (a) 1) The percent of the local tax dollar that is used for schools (Remember additional support comes from the state.)
   2) How the remainder of the local tax dollar is divided.
   (b) How a local church budget is allocated.
   (c) How such agencies as the United Fund, the March of Dimes, and the Red Cross allocate their resources. (This type of activity will give students an opportunity to interview persons in the community and get first-hand information.)

6. Ask each student to bring ads from newspapers and magazines to show the wide variety of coats or some other commodity on the market. Based on claims in the ads, have children tell which coat they would choose and why.

Definition of Terms

Budget – A plan which classifies individuals', families', communities', or nations' income by source and the way the income was or will be spent within a period.

Consumption – The utilization of goods and services to satisfy human wants.

Opportunity cost – (Alternative cost) Since resources, goods, and services may be used in many different ways wants, the cost of using the goods, services, and resources to satisfy one want is giving up the opportunity of using them to satisfy any other want.

Public good – (Social good) Goods provided by governments which help satisfy the collective wants Usually the goods are such that people as individuals are unable or un provide them efficiently.

Resource allocation – The distribution of land, labor, capital, and entrepreneurship in the pro goods and services.

Savings – That part of income not spent for consumer goods; also, the retained e businesses and the excess of government revenue over expenditures.

Scarcity – The condition of resources, goods, and services not being plentiful in relat wants of individuals, families, communities, or nations.

Technology – (Synonym – management; entrepreneurship(The knowledge, know-how, and ability to use resources to produce services.

Definition of Terms

ıdget –	A plan which classifies individuals', families', communities', or nations' estimated income by source and the way the income was or will be spent within a fixed time period.
ınsumption –	The utilization of goods and services to satisfy human wants.
ıportunity cost – lternative cost)	Since resources, goods, and services may be used in many different ways to satisfy wants, the cost of using the goods, services, and resources to satisfy one particular want is giving up the opportunity of using them to satisfy any other want.
ıblic good – ocial good)	Goods provided by governments which help satisfy the collective wants of people. Usually the goods are such that people as individuals are unable or unwilling to provide them efficiently.
esource allocation –	The distribution of land, labor, capital, and entrepreneurship in the production of goods and services.
ıvings –	That part of income not spent for consumer goods; also, the retained earnings of businesses and the excess of government revenue over expenditures.
arcity –	The condition of resources, goods, and services not being plentiful in relation to the wants of individuals, families, communities, or nations.
echnology – ynonym – management; ıtrepreneurship(	The knowledge, know-how, and ability to use resources to produce goods and services.

III. NEED FOR AN ECONOMIC SYSTEM

Overview

Every society must adopt some form of economic system to resolve the basic problem of scarce resources to serve the unlimited wants of its people. More specifically, a society must establish a system for determining:

1. *What* goods and services shall be produced?

The economic system will determine how much emphasis will be given to producing capital goods such as: buildings and equipment versus consumer goods; military goods versus civilian goods; private goods and services versus public goods and services; and specific items such as the particular kinds of boys' shirts and girls' dresses.

2. *How* shall goods be produced?

The economic system will determine which persons will be involved in producing the various goods and services. The system will also determine which materials, equipment, and techniques will be used.

3. *For whom* are goods to be produced?

The economic system will determine how a nations' total production will be divided among individuals, families, and groups.

Primitive societies often resolve the "W Whom?" questions by *tradition.* Tribal prac down for centuries. In *centrally directed* soc countries, a comparatively few persons make production and distribution of goods and serv *free enterprise* economy, as in the United St made in "the market place." That is, the part human and material resources are largely dete who are willing to bid the highest prices for th the consumer goods and services produced ar are willing to buy at a price the produce Consumer purchases represent dollar "votes" services.

Thus, the American free-enterprise syst oriented economy which is characterized by stimulate business activity and risk taking; (b producers to enhance efficiency; (c) consu freedom of individuals to apply their talents work or business activity they consider most therefore challenged to take the initiative in s productive role for himself.

III. NEED FOR AN ECONOMIC SYSTEM

Overview

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goods to be produced?

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n will be divided among individuals, families,

Primitive societies often resolve the "What?, How?, and For Whom?" questions by *tradition.* Tribal practices are simply handed down for centuries. In *centrally directed* societies, as in Communist countries, a comparatively few persons make the basic decisions about production and distribution of goods and services. In a comparatively *free enterprise* economy, as in the United States, these decisions are made in "the market place." That is, the particular uses of productive human and material resources are largely determined by the producers who are willing to bid the highest prices for these resources. Similarly, the consumer goods and services produced are those which consumers are willing to buy at a price the producers consider appropriate. Consumer purchases represent dollar "votes" for particular goods and services.

Thus, the American free-enterprise system provides a market-oriented economy which is characterized by (a) the profit motive to stimulate business activity and risk taking; (b) free competition among producers to enhance efficiency; (c) consumer direction; and (d) freedom of individuals to apply their talents and savings in whatever work or business activity they consider most desirable. Each citizen is therefore challenged to take the initiative in seeking a significant and productive role for himself.

III. NEED FOR AN ECONOMIC SYSTEM
Grades K—3

Economic Ideas	Activities
1. The Oklahoma pioneer family system was in fact a simple economic system.	1. Introduce students to Oklahoma's pioneer days resource people in the community. Students might pr display charts showing segments of life in early Okla interdependence of family members. For example, pioneers making soap, curing meat, churning butt homes, etc. (A cardboard box open on one side with r satisfactory conveyance for the student-made films goods were seldom purchased by the pioneer famil
2. The pioneer farm family constantly strived to increase its productivity. However, pioneer family production was limited because of the lack of efficient tools and machines.	2. If possible, plan an excursion to a museum to observe pioneer families. Collect or prepare pictures and artic that increased the productivity of pioneer families. Fo with two-row horse-drawn farm equipment, the scyth binder, the washboard with a hand-operated clothesw and a thread versus the foot-operated sewing mach stream versus the more convenient hand-dug well or Then contrast this equipment with modern power ma same task more efficiently and with less manpower, that the stage of technological advancement and equipment will largely determine how production is

III. NEED FOR AN ECONOMIC SYSTEM

Grades K—3

nomic Ideas

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family constantly strived to oductivity. However, pioneer was limited because of the lack and machines.

Activities

1. Introduce students to Oklahoma's pioneer days through books, films, and resource people in the community. Students might produce their own filmstrip or display charts showing segments of life in early Oklahoma with emphasis on the interdependence of family members. For example, select pictures that show pioneers making soap, curing meat, churning butter, cutting wood, building homes, etc. (A cardboard box open on one side with rollers at either end makes a satisfactory conveyance for the student-made filmstrip.) Discuss why finished goods were seldom purchased by the pioneer family.

2. If possible, plan an excursion to a museum to observe tools and machines used by pioneer families. Collect or prepare pictures and articles about early innovations that increased the productivity of pioneer families. For instance compare one-row with two-row horse-drawn farm equipment, the scythe with a horse drawn grain binder, the washboard with a hand-operated clotheswasher, sewing with a needle and a thread versus the foot-operated sewing machine, carrying water from a stream versus the more convenient hand-dug well or the revolutionary windmill. Then contrast this equipment with modern power machinery which performs the same task more efficiently and with less manpower. The class should conclude that the stage of technological advancement and availability of tools and equipment will largely determine how production is accomplished.

Economic Ideas	Activities
3. The pioneer farm family had to resolve the scarcity problem by producing most of the goods and services it consumed. Thus, the pioneer farm family was quite independent in determining what it would produce as well as how and for whom the goods and services would be produced.	3. From pictures and stories of pioneer families, (a) have students list or draw pictures of goods produce (b) have them tell how the same goods are obtained by and (c) have them roleplay "work inside the home" and " on a farm in the "early days" of Oklahoma. The st what tasks each family member might perform neighbors and relatives. (d) Have the students consider why pioneer families ten contribution each member made to production). Si entire community would often help a new family (Note this work was done more efficiently whe available to move and place the heavy logs. opportunity for local craftmen to *specialize:* e.g., o etc. so that better buildings were constructed than w otherwise.) (e) The teacher could read or could have the studen bees" and "quilting parties."
4. As a society advances until the use of machines and equipment eliminates the need for most manual labor, individual workers become specialized and interdependent. The individual family no longer functions independently in producing goods and services primarily for its own consumption.	4. Have several class members indicate what jobs the majo respective families perform outside the home. Have them work is primarily the production of goods or services for the class list some of the things families buy and observe things were not produced by others. They should then con most workers produce specialized goods and services c

mic Ideas

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Activities

3. From pictures and stories of pioneer families,
   (a) have students list or draw pictures of goods produced in the home;
   (b) have them tell how the same goods are obtained by modern families today; and
   (c) have them roleplay "work inside the home" and "work outside the home" on a farm in the "early days" of Oklahoma. The student should determine what tasks each family member might perform by talking with elderly neighbors and relatives.
   (d) Have the students consider why pioneer families tended to be large (note the contribution each member made to production). Similarly, discuss why an entire community would often help a new family build its house or barn. (Note this work was done more efficiently when several persons were available to move and place the heavy logs. There was also some opportunity for local craftmen to *specialize:* e.g., on cabinet work, roofing, etc. so that better buildings were constructed than would have been possible otherwise.)
   (e) The teacher could read or could have the students read about "husking bees" and "quilting parties."

4. Have several class members indicate what jobs the major income earners of their respective families perform outside the home. Have them determine whether this work is primarily the production of goods or services for other people. Next have the class list some of the things families buy and observe whether most of these things were not produced by others. They should then come to the realization that most workers produce specialized goods and services consumed.

III. NEED FOR AN ECONOMIC SYSTEM

Grades 4—6

Economic Ideas	Activities
1. Every economic system must determine *what* goods and services will be produced.	1. (What) Students might study a tribal society hav system for the purpose of comparing goods and servi with those produced in a competitive free enterp compare the goods and services produced by tribes goods and services produced in Oklahoma today. Di are de-emphasized in Russia and China today while equipment receive greater emphasis. Who makes t
2. Every economic system must determine *how* goods and services will be produced.	2. (How) Have students make a survey to determin Oklahoma are being converted into consumer goods being manufactured in Oklahoma that was once prod produced at all? Consider the specialized asse automobiles in Detroit. In what economic system (tr or free enterprise) whould you most likely find a s system would the method of production vary least importance of a profit incentive for saving and invest
3. Every economic system must determine *for whom* goods and services will be produced.	3. (For Whom) Problem Situation: The Jones family of f a year; the Smith family of four has an income of $10,0 which family is able to buy the most goods and service How do families get dollars? How is this process rela system we have? Note that the free-enterprise systen each individual to improve his income status thro inputs. Consider the life story of several people who having been comparatively poor. Whom would you e wealth in a centrally-directed economic system?

III. NEED FOR AN ECONOMIC SYSTEM

Grades 4—6

Economic Ideas	Activities
system must determine *what* ices will be produced.	1. (What) Students might study a tribal society having a traditional economic system for the purpose of comparing goods and services produced in that system with those produced in a competitive free enterprise system. For example, compare the goods and services produced by tribes in Oklahoma with economic goods and services produced in Oklahoma today. Discuss why consumer goods are de-emphasized in Russia and China today while capital goods and military equipment receive greater emphasis. Who makes these decisions?
system must determine *how* ices will be produced.	2. (How) Have students make a survey to determine how natural resources in Oklahoma are being converted into consumer goods. For example, what is now being manufactured in Oklahoma that was once produced in the home or was not produced at all? Consider the specialized assembly lines for producing automobiles in Detroit. In what economic system (traditional, centrally directed, or free enterprise) whould you most likely find a slave labor camp? In which system would the method of production vary least over the years? Note the importance of a profit incentive for saving and investment by American citizens.
system must determine *for whom* ices will be produced.	3. (For Whom) Problem Situation: The Jones family of four has an income of $5,000 a year; the Smith family of four has an income of $10,000 a year. Ask the students which family is able to buy the most goods and services. How do families get dollars? How is this process related to the kind of economic system we have? Note that the free-enterprise system provides opportunities for each individual to improve his income status through innovative productive inputs. Consider the life story of several people who have achieved wealth after having been comparatively poor. Whom would you expect to receive most of the wealth in a centrally-directed economic system?

Economic Ideas	Activities
4. Economic systems have always varied widely because of differences in cultures, governments, and technology.	4. Divide students into small groups (4 or 5 in a group). having different cultural backgrounds (e.g., in religi education) as well as different forms of government. different country or area to find out (a) Is education available for all people or only the wea by private or public funds? (b) What job opportunities are available? (c) What government aid is available for the age orphaned? (d) To what extent does the government contr distribution of goods and services? (e) Note special cases; e.g., starving people in India n certain religious groups who will not ride in auton farmwork.
5. Economic systems have tended to fit one of the following categories: *traditional, centrally directed,* or *free enterprise.*	5. Help students recall what they have learned and have names of countries in the following chart on economi listing the major characteristics of each system).

TRADITIONAL	CENTRALLY-DIRECTED (Totalitarian)

nomic Ideas

ns have always varied widely
nces in cultures, governments,

s have tended to fit one of the
ories: *traditional, centrally*
nterprise.

Activities

4. Divide students into small groups (4 or 5 in a group). Name countries or areas having different cultural backgrounds (e.g., in religion, social activities, and education) as well as different forms of government. Have each group study a different country or area to find out
   (a) Is education available for all people or only the wealthy? If so, is it provided by private or public funds?
   (b) What job opportunities are available?
   (c) What government aid is available for the aged, the unemployed, the orphaned?
   (d) To what extent does the government control the production and distribution of goods and services?
   (e) Note special cases; e.g., starving people in India not eating sacred cows and certain religious groups who will not ride in automobiles or use tractors for farmwork.

5. Help students recall what they have learned and have them insert appropriate names of countries in the following chart on economic systems (perhaps after listing the major characteristics of each system).

TRADITIONAL	CENTRALLY-DIRECTED (Totalitarian)	FREE ENTERPRISE

Definition of Terms

Capital good — A good used in the production of other goods rather than to satisfy a huma directly.

Centrally directed economy — (Command economy) A system by which the decisions of what goods and services are to be produ whom, how, and for whom are made by an individual or a small group. Typic resources are owned by the people as a whole.

Competition — A situation in which two or more parties seek to gain an advantage over the in selling similar products or services to the same buyer.

Consumer good — Goods used directly in satisfying human wants, either for short periods (nondurables) or for long periods of time (durables).

Free enterprise economy — (Private enterprise economy) Organization of production, distribution, and consumption of goods, servic resources by businesses which are owned by individuals who not only ar motivated but also are free to use their resources as they choose.

Investment — Purchase of capital goods and/or additions to inventory. (Economist laymen's terminology relative to the denotation of this word varies. W individual buys stock, this is considered by economists as a financial trans When a business purchases additional machinery or adds to its inventory, considered to be investment.)

Production — The process of engaging in any kind of activity which adds value to goo services, including creation, transportation, and storage. It also refers amount of goods and services that comes forth and in this sense is equiva output.

Profit — Income remaining after all costs of operating a business are paid. (Econ consider profit a return to entrepreneurs for incurring risks.)

Wealth — The total market value of all economic goods.

Definition of Terms

tal good — A good used in the production of other goods rather than to satisfy a human want directly.

rally directed economy — A system by which the decisions of what goods and services are to be produced, by whom, how, and for whom are made by an individual or a small group. Typically the resources are owned by the people as a whole.
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petition — A situation in which two or more parties seek to gain an advantage over the other(s) in selling similar products or services to the same buyer.

umer good — Goods used directly in satisfying human wants, either for short periods of time (nondurables) or for long periods of time (durables).

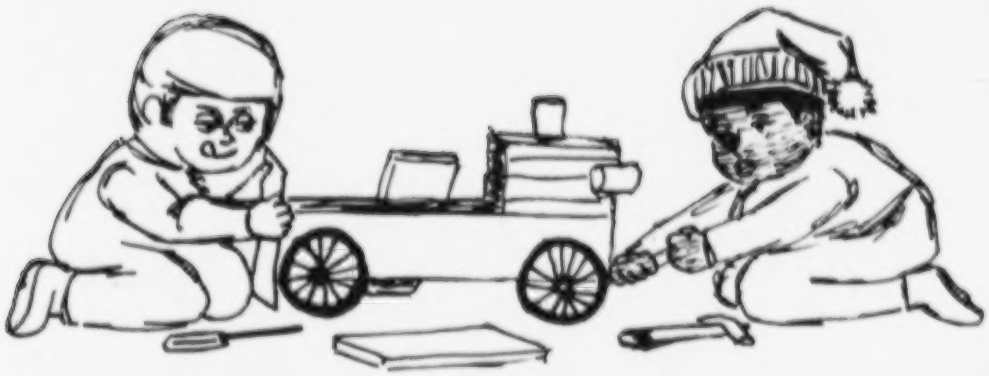
enterprise economy — Organization of production, distribution, and consumption of goods, services, and resources by businesses which are owned by individuals who not only are profit motivated but also are free to use their resources as they choose.
vate enterprise economy)

stment — Purchase of capital goods and/or additions to inventory. (Economist's and laymen's terminology relative to the denotation of this word varies. When an individual buys stock, this is considered by economists as a financial transaction. When a business purchases additional machinery or adds to its inventory, this is considered to be investment.)

uction — The process of engaging in any kind of activity which adds value to goods and services, including creation, transportation, and storage. It also refers to the amount of goods and services that comes forth and in this sense is equivalent to output.

t — Income remaining after all costs of operating a business are paid. (Economists consider profit a return to entrepreneurs for incurring risks.)

th — The total market value of all economic goods.



IV. CONSUMPTION

Overview

Our use of goods and services to satisfy personal wants is called *consumption.* Everyone is a consumer of "goods" such as food, housing, and clothing as well as the services of doctors, dentists, salesmen, and the like. The extent to which a person can consume goods and services beyond those considered essential as the "bare necessities of life" is limited by his income, buying skills, and capacity for credit. The economist distinguishes between the *consumer goods* we use up directly and *capital goods* (such as tools and machines) which are used to produce more goods and services.

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other goods such as cars and houses mor
goods are consumed is important to indivi
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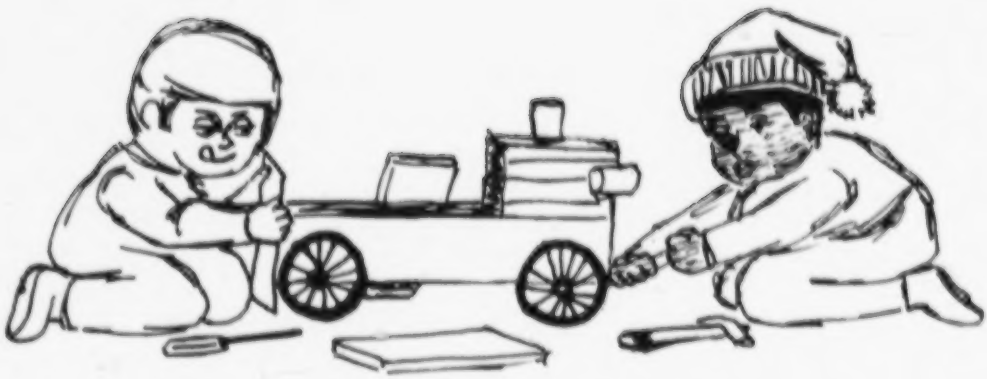

IV. CONSUMPTION
Overview

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and services.

We use up some consumer goods such as food and fuel quickly and other goods such as cars and houses more slowly. The rate specific goods are consumed is important to individuals and families as they budget purchases to conform with their income. Consumption is also important to economists as they study the rate at which specific resources are required for producing consumer goods and services. Many people are employed in producing consumer goods and services because there are extremely few useful "goods" (e.g., air) so abundantly available in their natural state that they are free to the consumer.

IV. CONSUMPTION
Grades K—3

Economic Ideas	Activities
1. Every member of a family is a consumer of goods and services.	1. Have students roleplay an imaginary family in diffe all human beings are consumers: (a) a family at breakfast (b) a family on vacation (c) a family at a city park (d) a father and a son in a barber shop; a mother and a daughter in a beauty shop (e) an invalid relative at home
2. Some consumer goods may be consumed quickly and other goods are consumed slowly.	2. (a) Students may be asked to display genuine items which they consume every day, such as, food, cl etc. According to decisions of the students, disp two separate groups: 1) Items that last a year or longer and are used 2) Items that are consumed more quickly. (b) On one side of the chalkboard list items tha students' families (automobile, TV, etc.). On consumed immediately (ice cream, water, pap
3. All families use consumer goods and services that satisfy primary wants for food, clothing, and shelter.	3. Given a list of words, students will circle the primar example: house, boat, horse, football, turkey, coat, lig
4. Families also have secondary wants for consumer goods and services that make life more satisfying.	4. From the list in Activity No. 3 above, have students secondary want.
5. Planning and budgeting help the consumer allocate his income wisely.	5. Given $75 to buy winter clothing, each student will items from price lists in newspaper ads and catalogs. of his present winter clothing.

IV. CONSUMPTION
Grades K—3

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budgeting help the consumer
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Activities

1. Have students roleplay an imaginary family in different situations to show that all human beings are consumers:
   (a) a family at breakfast
   (b) a family on vacation
   (c) a family at a city park
   (d) a father and a son in a barber shop;
   a mother and a daughter
   in a beauty shop
   (e) an invalid relative at home

2. (a) Students may be asked to display genuine items or to draw pictures of items which they consume every day, such as, food, clothing, toys, pencils, paper, etc. According to decisions of the students, display the items or pictures in two separate groups:
   1) Items that last a year or longer and are used over and over;
   2) Items that are consumed more quickly.
   (b) On one side of the chalkboard list items that are consumed slowly by students' families (automobile, TV, etc.). On the other side list items consumed immediately (ice cream, water, paper towels).

3. Given a list of words, students will circle the primary wants or necessities. (For example: house, boat, horse, football, turkey, coat, light bulb, stove, etc.)

4. From the list in Activity No. 3 above, have students draw a square around each secondary want.

5. Given $75 to buy winter clothing, each student will be asked to select necessary items from price lists in newspaper ads and catalogs. Assume he has outgrown all of his present winter clothing.

Economic Ideas	Activities
6. A family or an individual may wish to postpone present consumption of certain goods or services in order to save for purchases it expects to make in the future. Family saving can be invested to earn income.	6. Ask each student to name something which he wants ve him tell what items or pleasures he should need to give u desired item. (Note to teacher: If the item will require s period, elicit from the students the desirability of putting institution to draw interest and for safe keeping.)
7. Consumer goods and services satisfy a family's wants directly; capital goods do not satisfy family wants directly but are the tools and machines that are used to produce the things we consume.	7. For a written activity have students match capital good For example, cake with mixmaster; corn on the cob with t food grinder.

IV. CONSUMPTION
Grades 4—6

1. There are not many non-economic (free) goods available for consumption. (These goods in the natural state are available in such quantity that they are free to the consumer.)	1. Have students list goods they consider free to them (e.g From this list, have students discuss situations in which free because of a change in their use. For example, scen parks require upkeep and are no longer free — someone n
2. Many people earn money income by producing consumer goods and services for the market, but not all consumers are producers.	2. Students might report on the occupations of members of and indicate why the particular occupation was cho consumer is not a producer.
3. In the long run, family consumption can be no greater than family income.	3. Have students prepare budgets for different hypothetica and varying levels of income. In addition to various hous purchases, consider also insurance, charity contributi savings and investment, recreation, etc. Have a local mo class how some families "overextend" themselves in deb make monthly payments and thus lose the items purch and cons" of renting versus buying housing under vario

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Activities

6. Ask each student to name something which he wants very much, and then have him tell what items or pleasures he should need to give up in order to obtain the desired item. (Note to teacher: If the item will require saving over an extended period, elicit from the students the desirability of putting the money in a financial institution to draw interest and for safe keeping.)

7. For a written activity have students match capital goods with consumer goods. For example, cake with mixmaster; corn on the cob with tractor; hamburger with food grinder.

IV. CONSUMPTION
Grades 4—6

1. Have students list goods they consider free to them (e.g., water, air, scenic area). From this list, have students discuss situations in which these goods cease to be free because of a change in their use. For example, scenic areas when made into parks require upkeep and are no longer free — someone must pay.

2. Students might report on the occupations of members of their respective families, and indicate why the particular occupation was chosen. Discuss why every consumer is not a producer.

3. Have students prepare budgets for different hypothetical families of varying size and varying levels of income. In addition to various household and transportation purchases, consider also insurance, charity contributions, interest payments, savings and investment, recreation, etc. Have a local money lender describe to the class how some families "overextend" themselves in debt until they are unable to make monthly payments and thus lose the items purchased. Discuss the "pros and cons" of renting versus buying housing under various family circumstances.

Economic Ideas	Activities
4. The consumer has certain, specific legal protection and remedies in federal, state, and local laws.	4. Have the students research consumer protection law Credit Code and the Pure Food and Drug Acts.
5. Spending creates jobs for people who produce consumer goods and services.	5. Have students consider what would happen to wor store, ice cream parlor, or grocery store if custom elsewhere.
6. Consumer preferences for specific goods and services vary within and among societies.	6. Divide the class into several small groups, each re specific area of the world (or region of the U. S.). Ha study about the needs of people in their assigned re wants differ among families in different regions.

Economic Ideas

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within and among societies.

Activities

4. Have the students research consumer protection laws; e.g., Oklahoma's Uniform Credit Code and the Pure Food and Drug Acts.

5. Have students consider what would happen to workers employed in a local toy store, ice cream parlor, or grocery store if customers suddenly decide to shop elsewhere.

6. Divide the class into several small groups, each representing a family in some specific area of the world (or region of the U. S.). Have student groups read and study about the needs of people in their assigned region and then roleplay how wants differ among families in different regions.

V. PRODUCTION

Overview

Economic goods and services are not free because they can be made available only through the work and investment of other people, called *producers.* The process of production makes possible the economic goods and services we consume as individuals and the capital goods that are eventually used up in producing other goods. Production requires three productive resources — natural resources, capital, and labor.

Productive Resources

Natural resources are the land, minerals, water, fertile soil, timber, and other raw materials that may be consumed in the production process. Because natural resources are limited, their conservation (wise use) is important.

Capital is the buildings, tools, machines, and other equipment used to provide the economic goods we consume. In general, therefore, capital can be loosely defined as goods used to produce other goods. Notice that the economist's terminology here differs from the common reference to money capital (amount of money), which can serve only as a claim on economic goods. Improvements in technology (machines and production processes) serve to upgrade and expand our stock of capital goods. This point can be illustrated by comparing modern farming, manufacturing, and transportation techniques with methods used before 1850. Capital formation is possible only when enough persons are willing to forego some present consumption in the hope of earning future rewards from their investments.

Labor is the human effort required to pr services. Thus, the nation's labor force inclu managers, clerks, doctors, lawyers, teacher categories of workers. The quality of ava importance to the economic growth of any determined largely by the motivation, tech education which people attain.

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Specialization of Labo

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Labor is the human effort required to produce economic goods and services. Thus, the nation's labor force includes assembly-line workers, managers, clerks, doctors, lawyers, teachers, salesmen, and all other categories of workers. The quality of available labor is of utmost importance to the economic growth of any area and this quality is determined largely by the motivation, technical skills, and levels of education which people attain.

Whether one is in the business of mowing lawns or manufacturing jet aircraft, he will strive for that optimum "mix" of natural resources, capital, and labor which will result in the most profit. We would therefore expect that more manpower will be used to produce each unit of output in countries such as India (which have proportionately more people and less capital) than is found in the United States.

The important function of bringing together the three productive resources and developing innovative methods of producing goods or services (with the chance of profit or loss) is called *entrepreneurship*. In fact, this function is so vital that some writers refer to it as the fourth productive resource (in addition to natural resources, capital, and labor).

Specialization of Labor

Often efficiency can be increased by dividing a productive process into specialized tasks or steps. Specialization has made possible the mass production of economic goods (such as cars, carpets, and TV sets)

at prices most Americans can afford. Specialization also extends into our marketing system which makes new products available at a convenient retail outlet and provides such additional services as credit and insurance where needed.

As we increase in specialization, we become *interdependent* upon each other. The car owner needs the mechanic and the service station operator. The employed housewife needs the products of the bakery, the cannery, the butcher, and the household appliance stores. By comparing life today with the meager existence that a self-sufficient frontier family could eke out for itself, we can better appreciate the scope of specialization today and the benefits in goods and services which have resulted.

As American workers have improved in education, acquired more skill, and received better equipment with which to work, their *productivity* (amount the average worker produces per hour) has increased. As a result they have earned high incomes which have enabled them to consume more and better goods and services.

The amount of income which an individu
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number (supply) of persons who are prepare
respective occupations.

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The amount of income which an individual can earn in a particular occupation is determined by several factors including education and skill requirements, working conditions, risk, work performance, and the number (supply) of persons who are prepared and willing to work in the respective occupations.

Because of rapid changes in technology and consumer tastes for particular goods and services, most workers must learn new skills or vocations several times during their working years. When a person advances to higher levels of responsibility in a firm he must also learn new skills and work habits.

Illustrations of specialization can be easily found in the chores and responsibilities of various family members; the occupations of different persons in a community; the production processes of industry; the marketing functions of buying, selling, advertising, transporting, financing, insuring, storing, and even the lesser degree of specialization in certain cities, states, regions, and nations which concentrate on producing what they can do best.

V. PRODUCTION
Grades K–3

Economic Ideas	Activities
1. The production of economic goods or services is a most valuable and essential contribution to society.	1. The class can prepare its own master list of all the community and trade center. Through class discussio genuine appreciation for the production of every work to medical doctor. Discuss what would happen if consumers.
2. Some workers produce goods; others produce services. All of these workers can be called "producers."	2. On the list prepared in Number 1 above, the students whether *goods* or *services* are produced. To m meaningful, consider doing one of the following: (a) Take field trips to see the "world of work" and (including students' parents) at work. From determine who is producing goods and who is pr (b) Have local producers visit class to discuss their (c) Develop wall charts and or displays on what community. Include pictures, drawings, etc. (d) Play games in which a job is named and student of goods is involved. They sit without reacting
3. All productive work in the home is of value, but most home services are provided by family members without payment.	3. Have the students list various important jobs that are salary compensation (e.g., family members working doing church, civic, or charity work). Discuss the over to the family and the community.
4. Most people receive money income for working outside the home. Wages and salary will vary with a person's work performance and the kind of job he has.	4. Have the students bring pictures of different kinds Consider what qualifications a person should have t Note that the amount of income a producer receives d job he has and how well he does it. Help the students a "job well done" by role playing the effect on consu are not performed well by an auto mechanic, road buil and others. Note that definite skill and persistence exceptionally well and that persons who develop such citizens.

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Activities

1. The class can prepare its own master list of all the types of jobs done in their community and trade center. Through class discussion, the class should develop a genuine appreciation for the production of every worker — from garbage collector to medical doctor. Discuss what would happen if no food were produced for consumers.

2. On the list prepared in Number 1 above, the students will indicate beside each job whether *goods* or *services* are produced. To make this study especially meaningful, consider doing one of the following:
   (a) Take field trips to see the "world of work" and observe different producers (including students' parents) at work. From observation and interviews determine who is producing goods and who is producing services.
   (b) Have local producers visit class to discuss their work.
   (c) Develop wall charts and or displays on what producers do in the local community. Include pictures, drawings, etc.
   (d) Play games in which a job is named and students stand or clap if production of goods is involved. They sit without reacting if the job produces services.

3. Have the students list various important jobs that are performed without wage or salary compensation (e.g., family members working around the home; persons doing church, civic, or charity work). Discuss the overall importance of such work to the family and the community.

4. Have the students bring pictures of different kinds of jobs being performed. Consider what qualifications a person should have to work in each of the jobs. Note that the amount of income a producer receives depends both on the type of job he has and how well he does it. Help the students recognize the importance of a "job well done" by role playing the effect on consumers and society when jobs are not performed well by an auto mechanic, road builder, barber, doctor, teacher and others. Note that definite skill and persistence is required to do any job exceptionally well and that persons who develop such competencies are invaluable citizens.

Economic Ideas	Activities
5. Most members of the family are producers, but everyone is a consumer.	5. The students list and discuss categories of persons (pe are not producers because of age, illness, unemployn economic needs of these persons are served by thos further training might make some unemployed p Discuss and/or role play the situation of machines (e.g automatic car wash, push-button elevator, and equipment) replacing laborers who must then prepare work which are now available.
6. Productivity usually increases as producers specialize.	6. The students discuss, illustrate with charts or displ advantage of specialization. For instance, compare aut man in a garage vs. the factory assembly line. Consid contribute to making fresh bread available in the groc many steps followed by the pioneer family (harve making dough, baking, etc.). Have class analyze a final product such as an ice crea stages of production (from care of cow, through transporting, manufacturing, and selling.)
V. PRODUCTION **Grades 4—6**	
1. Production of any economic good requires natural resources, capital resources, and human resources (labor).	1. Have students roleplay the production of some eco public (e.g., hamburgers or lemonade). Note the nee (capital); land and raw materials (basic ingredients); management and other employees).

ɔmic Ideas	Activities
the family are producers, but sumer.	5. The students list and discuss categories of persons (perhaps family members) who are not producers because of age, illness, unemployment, etc. Discuss how the economic needs of these persons are served by those who do produce and how further training might make some unemployed persons employable again. Discuss and/or role play the situation of machines (e.g. mechanical cotton picker, automatic car wash, push-button elevator, and automated manufacturing equipment) replacing laborers who must then prepare themselves for new kinds of work which are now available.
ily increases as producers	6. The students discuss, illustrate with charts or displays, and/or role play the advantage of specialization. For instance, compare automobile production by one man in a garage vs. the factory assembly line. Consider the many specialists who contribute to making fresh bread available in the grocery store and relate to the many steps followed by the pioneer family (harvesting and grinding grain, making dough, baking, etc.). Have class analyze a final product such as an ice cream cone in terms of its many stages of production (from care of cow, through milking, cooling, storing, transporting, manufacturing, and selling.)

V. PRODUCTION

Grades 4—6

economic good requires natural esources, and human resources	1. Have students roleplay the production of some economic good for sale to the public (e.g., hamburgers or lemonade). Note the need of facilities and utensils (capital); land and raw materials (basic ingredients); and labor (including both management and other employees).

Economic Ideas	Activities
2. Natural resources are the land and "raw materials" used in production.	2. Have students identify various natural resources and from them for consumption. Displays would be relationships; e.g., wheat and bread, clay and pottery; desk; petroleum and gasoline or plastic product, elect model car, airplane, or ship. Consider the major natural local community and the state. Study the impact of economic development of the respective areas.
3. Capital resources — tools, machines, factories, etc. — help produce goods and services better and faster.	3. Students list the various tools, equipment, and buil production of the items discussed in Number 2 above stages of production from raw materials to the finished p Note that people performing economic *services;* e.g., l require capital e.g., buildings and equipment.
4. Labor — human resources — is one of the most important resources in production and involves all types of workers.	4. Students discuss the various categories of labor neces studied in Activities 2 and 3 above. List these and oth charts. (In addition to operative workers with specia various categories of managers and also related spe financing, insurance, transportation, storage, and sell economic goods available to consumer.) Consider the training necessary to perform the various jobs that are di
5. Entrepreneurship is sometimes called the fourth necessary factor of production. An entrepreneur takes a business risk in hopes of making a profit. However, many business ventures are not successful.	5. Students should interview a local businessman who ha firm in the community. Find how much is invested and w established in this community. Next inquire about busi successful in the community and why they failed. Stud local, state, and national entrepreneurs; e.g., E. W. N John D. Rockefeller, Henry Ford, Robert S. Kerr, Don G

omic Ideas

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production.

– tools, machines, factories,
goods and services better and

sources — is one of the most
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production. An entrepreneur
k in hopes of making a profit.
business ventures are not

Activities

2. Have students identify various natural resources and the final products made from them for consumption. Displays would be effective showing these relationships; e.g., wheat and bread, clay and pottery; hide and shoe; wood and desk; petroleum and gasoline or plastic product, electricity, etc.; iron ore and model car, airplane, or ship. Consider the major natural resources available in the local community and the state. Study the impact of these resources on the economic development of the respective areas.

3. Students list the various tools, equipment, and buildings necessary for the production of the items discussed in Number 2 above. Role play some of the stages of production from raw materials to the finished product.

   Note that people performing economic *services;* e.g., barbers and retailers also require capital e.g., buildings and equipment.

4. Students discuss the various categories of labor necessary for the production studied in Activities 2 and 3 above. List these and other job categories on wall charts. (In addition to operative workers with specialized skills there will be various categories of managers and also related specialized functions; e.g., financing, insurance, transportation, storage, and selling involved in making economic goods available to consumer.) Consider the level of education and training necessary to perform the various jobs that are discussed.

5. Students should interview a local businessman who has recently opened a new firm in the community. Find how much is invested and why the new firm has been established in this community. Next inquire about businesses that have not been successful in the community and why they failed. Study the lives of important local, state, and national entrepreneurs; e.g., E. W. Marland, Frank Phillips, John D. Rockefeller, Henry Ford, Robert S. Kerr, Don Greve. etc.

Economic Ideas	Activities
6. New or expanding business and industry in a community will provide for new jobs, expand the overall level of business activity, and generally raise the standard of living of local citizens.	6. The following activities (in conjunction with field t should help the students understand the importance their community. (a) Students list all of the major industries in their c may wish to consider "neighboring" cities; e.g., area.) (b) Students consider how a new firm hiring 500 w affect business, such as grocery stores, servi stores, in the community. (c) Students consider additional demands on co schools, hospitals, fire and police protection, disposal when a comparatively large firm moves additional benefits derived from additional jo costs the city must assume? What are the soci water pollution? (d) Students analyze the assets and problem are attracting new industry, and then consider the t be most compatible with their local resource Commerce would be glad to assist the class with
7. Managers strive to organize and direct efficient allocations of natural resources, capital resources, and human resources in the production process.	7. Have the class work through the steps required manufacturing business such as is done by "Junior some communities. Among the many possibilities wou school store, or a pet shop. Consider expected pro selling price, and expected volume. This exercise sho role of management in organizing and directing the m human, and capital resources for profitable busines

nomic Ideas

ng business and industry in a provide for new jobs, expand the business activity, and generally rd of living of local citizens.

to organize and direct efficient ural resources, capital resources, urces in the production process.

Activities

6. The following activities (in conjunction with field trips and visiting speakers) should help the students understand the importance of industrial development in their community.
   (a) Students list all of the major industries in their community. (Rural students may wish to consider "neighboring" cities; e.g., the "trade center" of their area.)
   (b) Students consider how a new firm hiring 500 workers with families would affect business, such as grocery stores, service stations, and furniture stores, in the community.
   (c) Students consider additional demands on community services such as schools, hospitals, fire and police protection, roads, utilities and waste disposal when a comparatively large firm moves into the community. Do the additional benefits derived from additional jobs outweigh the additional costs the city must assume? What are the social costs in terms of air and water pollution?
   (d) Students analyze the assets and problem areas of their community for attracting new industry, and then consider the types of industry that would be most compatible with their local resources. (The local Chamber of Commerce would be glad to assist the class with this study.)

7. Have the class work through the steps required to begin a small retail or manufacturing business such as is done by "Junior Achievement Programs" in some communities. Among the many possibilities would be a hamburger stand, a school store, or a pet shop. Consider expected production costs, the product selling price, and expected volume. This exercise should point up the important role of management in organizing and directing the most efficient mix of natural, human, and capital resources for profitable business operation.

Economic Ideas	Activities
8. All resources are limited, but some resources are relatively more scarce than others in different societies.	8. Students select an underdeveloped country to study. some of its economic resource problems. Example: I large population, but the majority of its people have lit relatively few natural and capital resources. Students prepare graphs of five or six leading countries natural resources such as coal, oil, water,etc. Students investigate and report the influence of huma in those countries. To what extent is advanced technolo e.g., roadbuilding, textile manufacturing, farming, et industries in these countries with industry types in t difference.

Definition of Terms

Efficient — To make the best possible use of available resources. Efficiency is usually m by the per unit cost of goods and services, or the productivity of resources.

Entrepreneur — The businessman who not only has the know-how of combining resources to p goods and services but also is willing to risk making either a profit or a loss.

Labor (Human resource) — One of the factors of production involving human effort in the production o and services.

Natural resources — All things created by nature, useable in the production of goods and services.

Production — The process of engaging in any kind of activity which adds value to goo services, including creation, transportation, and storage. It also refers amount of goods and services that comes forth and in this sense is equiva output.

Specialization — (Division of labor) A situation in which individuals confine their activities to making a certain p good or a nation confining its activities to making particular goods best suite resources.

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ited, but some resources are
rce than others in different

Activities

8. Students select an underdeveloped country to study. Ask students to identify some of its economic resource problems. Example: India has a comparatively large population, but the majority of its people have little training and there are relatively few natural and capital resources.

   Students prepare graphs of five or six leading countries of the world showing their natural resources such as coal, oil, water,etc.

   Students investigate and report the influence of human resources on production in those countries. To what extent is advanced technology applied in production; e.g., roadbuilding, textile manufacturing, farming, etc? Compare the types of industries in these countries with industry types in the U.S. and explain the difference.

Definition of Terms

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alization — A situation in which individuals confine their activities to making a certain part of a
sion of labor) good or a nation confining its activities to making particular goods best suited to its resources.

VI. THE ROLE OF MONEY

Overview

In our modern, complex economy, money is absolutely essential to the specialization of tasks that has permitted the average American to attain an ever higher standard of living. This specialization and interdependence would have been impossible if the members of our society had been forced to barter for the goods and services they needed. For instance, a barber needing a house could hardly expect to find a seller needing enough haircuts to pay for it!

Anything can be used as money if people will accept it in exchange for goods, services, and resources. In the past, many commodities, such as shells, tobacco, and gold have been used as money. We now use coins, currency, and demand deposits as money in exchange for economic goods and services. Most final payments, except for incidental personal items, are made by check; and consumers are making increased use of credit cards.

Money has three primary uses: First, money is used as a medium of exchange for economic goods and services. Secondly, money is used as a means of expressing the value of goods and services. Thirdly, money is used as a store of value — making it easier for people to save for future purchasing.

Coins, currency, and demand deposits are stored or saved when not needed for immediate purchases. Financial institutions pay interest to savers for the use of their money. These
make the savings of individuals available
need additional funds for the purchase of
individual must also pay interest for the u
should fully understand interest cost and
Oklahoma, certain protection for small-loan
the Uniform Consumer Credit Code.

Savings are of utmost importance if a na
growth. Businesses retain some of their own
new facilities and equipment, and they
financial institutions. The resulting econo
opportunities for more of our citizens. In its
of available funds in balance with the m
economy, the Federal Reserve System exer
the availability of credit from the nation's

As the money income of most families is
make choices as to whether or not they will
future. Saving for future purchases req
opportunity of buying today. Conversely, th
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emand deposits are stored or saved when not rchases. Financial institutions pay interest to savers for the use of their money. These financial institutions then make the savings of individuals available to business investors who need additional funds for the purchase of capital resources. As an individual must also pay interest for the use of borrowed money, he should fully understand interest cost and repayment obligations. In Oklahoma, certain protection for small-loan borrowers is provided by the Uniform Consumer Credit Code.

Savings are of utmost importance if a nation is to achieve economic growth. Businesses retain some of their own earnings for investment in new facilities and equipment, and they secure other funds from financial institutions. The resulting economic growth provides job opportunities for more of our citizens. In its efforts to keep the supply of available funds in balance with the money requirements of the economy, the Federal Reserve System exercises certain controls over the availability of credit from the nation's banks.

As the money income of most families is limited, individuals must make choices as to whether or not they will spend today or save for the future. Saving for future purchases requires one to forego the opportunity of buying today. Conversely, the cost of spending today is foregoing the chance to use present dollars plus earnings to better satisfy wants in the future.

VI. THE ROLE OF MONEY
Grades K—3

Economic Ideas	Activities
1. Money is now accepted in payment for goods and services. In early America, families traded for what they needed. This trading was called *barter.*	1. From illustrative stories, students roleplay barterin begin with bartering between two individuals; e.g., o pay another who is a barber. Then assume the barber consider how the problem might be overcome as oth who have different goods or services to exchange.
2. Historically, developing societies have used many different things for money (e.g., stones, cattle, salt, cacao seeds, beads, tobacco, etc.) in an effort to improve upon the barter system.	2. Have students discuss, write stories, and or prep commodities that might be used for money and the encountered in storing and transporting these thing commodities for money would not be satisfactory system.
3. In advanced societies, the government is responsible for developing a money system; however, money is genuine only to the extent it is acceptable in exchange for goods and services.	3. Have the students discuss why dollars, dimes, or amount) will be accepted by any merchant or individu services. Then illustrate the greater convenience of us for purchases — especially those costing many d payments to sellers living in different cities or state the U. S. Government guarantee the payments we personal checks? What determines whether a personal
4. Money is a convenient means of comparing the prices of goods and services.	4. Have students list various items they would very n determine the selling price of these items. Discuss h would be for us to decide what to buy if we had no m comparing one item with another. Note that how muc will be largely determined by how "high" or "low" its to us.
5. Families usually save by putting money in a bank or other savings institution which pays them interest.	5. Students set up a simple banking operation wherein savings depositor. Discuss the advantage of a fa interest income, when feasible, to purchase major automobile, etc., versus the greater cost of always buy credit. Take the class on a field trip to a bank for operations.

VI. THE ROLE OF MONEY
Grades K—3

ic Ideas

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titution which pays them

Activities

1. From illustrative stories, students roleplay bartering in early America. Perhaps begin with bartering between two individuals; e.g., one person with a chicken to pay another who is a barber. Then assume the barber doesn't want a chicken and consider how the problem might be overcome as other students are designated who have different goods or services to exchange.

2. Have students discuss, write stories, and/or prepare charts on the various commodities that might be used for money and the difficulty which would be encountered in storing and transporting these things. Discuss why using these commodities for money would not be satisfactory in an advanced economic system.

3. Have the students discuss why dollars, dimes, or quarters (in the prescribed amount) will be accepted by any merchant or individual in the U.S. for goods or services. Then illustrate the greater convenience of using personal checks to pay for purchases — especially those costing many dollars and those involving payments to sellers living in different cities or states. Related Questions: Does the U. S. Government guarantee the payments we make with credit cards or personal checks? What determines whether a personal check is good or worthless?

4. Have students list various items they would very much like to buy and then determine the selling price of these items. Discuss how much more difficult it would be for us to decide what to buy if we had no money prices to consider in comparing one item with another. Note that how much we buy of a certain item will be largely determined by how "high" or "low" its posted money price seems to us.

5. Students set up a simple banking operation wherein they roleplay the banker, savings depositor. Discuss the advantage of a family's saving and earning interest income, when feasible, to purchase major household appliances, an automobile, etc., versus the greater cost of always buying as much as possible on credit. Take the class on a field trip to a bank for a "real-life" study of their operations.

Economic Ideas	Activities
6. Money paid to one person or firm tends to generate a chain of further spending which increases the overall level of economic activity.	6. Roleplay the chain of further spending which may t some good such as a $10 pair of shoes. From the $10 owner must use $7 to pay the shoe wholesaler, 50 cen for rent, $1.50 to pay the store employees' wages, 5 savings and spending. Students can assume each of t play how they will use the money paid them by the sh payments of their own so that the initial $10 purch overall buying and selling in a community.

VI. THE ROLE OF MONEY

Grades 4—6

1. *Saving* makes funds available for *capital formation.*	1&2. Have the students gather information about capital t made it possible to produce more consumer goods or used for work in the home as well as the "business then discuss the essential role of savers and investor production of this equipment.
2. Spending of savings for capital formation is called *investment.* Investment provides for better tools and equipment to produce more and/or better consumer goods and services in the future.	Discuss why it is difficult for saving and investment countries; e.g., Nigeria, Ethiopia, and India where enough for bare subsistence.

nomic Ideas

one person or firm tends to
of further spending which
rall level of economic activity.

Activities

6. Roleplay the chain of further spending which may result from the purchase of some good such as a $10 pair of shoes. From the $10 selling price, the shoe store owner must use $7 to pay the shoe wholesaler, 50 cents to pay the building owner for rent, $1.50 to pay the store employees' wages, 50 cents for his own personal savings and spending. Students can assume each of the roles implied and will role play how they will use the money paid them by the shoe store to make still further payments of their own so that the initial $10 purchase results in an increase in overall buying and selling in a community.

VI. THE ROLE OF MONEY

Grades 4—6

funds available for *capital*

gs for capital formation is called
stment provides for better tools
o produce more and/or better
and services in the future.

1&2. Have the students gather information about capital tools and machines that have made it possible to produce more consumer goods or services. Consider equipment used for work in the home as well as the "business world." List these items and then discuss the essential role of savers and investors who provide the necessary production of this equipment.

Discuss why it is difficult for saving and investment to occur in underdeveloped countries; e.g., Nigeria, Ethiopia, and India where many people earn hardly enough for bare subsistence.

Economic Ideas

3. The process of saving requires giving up present consumer goods for future goods. However, savers may receive interest or dividend payments for the use of their money.

4. A bank is a business which receives, lends, exchanges, and safeguards money. Other financial institutions such as savings and loan companies, credit unions, and consumer finance companies also perform a specialized role in making savings available for lending.

Activities

What capital good would be important for ea
(a) seamstress
(b) salesman
(c) newsboy who carries heavy bundles on route
(d) boy who mows lawns
(e) secretary

Note that the bicycle would be a capital good for the
to produce an economic service. (The bicycle would
owner used it only for pleasure.)

Have the students list new capital goods which they
produce consumer goods and services in the future.
indicate whether they would be willing to invest some
companies which would try to produce these capita
involved in all business investments.

3&4. Students list the various ways they might earn income
temporary use of their savings (e.g., banks, savings
unions, businesses, and individual borrowers). Th
(a) To what extent would the savings be guaranteed
(b) Would the proposed borrower be prepared to
loans from small lenders in order to get the amou
(c) To what extent would the saver be able to get hi
needed additional funds?
(d) Can the saver be assured of a definite amount or
(e) Why not invest directly in a business?
(f) Why not invest via the stock market?
From these questions and related discussion, it should
institutions serve an important intermediary role. T
small amounts of savings from individuals and accum
higher risk loans which their specialized staff officers
than would be possible for most individuals to do.

omic Ideas

ng requires giving up present
or future goods. However,
interest or dividend payments
r money.

iness which receives, lends,
safeguards money. Other
ns such as savings and loan
unions, and consumer finance
erform a specialized role in
ailable for lending.

Activities

What capital good would be important for each of the following persons:

(a)	seamstress	sewing machine
(b)	salesman	automobile
(c)	newsboy who carries heavy bundles on route	motor bike or bicycle
(d)	boy who mows lawns	power mower
(e)	secretary	electric typewriter

Note that the bicycle would be a capital good for the newsboy because he uses it to produce an economic service. (The bicycle would be a consumer good if the owner used it only for pleasure.)

Have the students list new capital goods which they believe will be developed to produce consumer goods and services in the future. Beside each item students indicate whether they would be willing to invest some of their personal savings in companies which would try to produce these capital goods. Discuss the risk involved in all business investments.

3&4. Students list the various ways they might earn income by letting others have the temporary use of their savings (e.g., banks, savings and loan companies, credit unions, businesses, and individual borrowers). Then discuss the following

(a) To what extent would the savings be guaranteed against possible loss?
(b) Would the proposed borrower be prepared to negotiate great numbers of loans from small lenders in order to get the amount needed?
(c) To what extent would the saver be able to get his money back whenever he needed additional funds?
(d) Can the saver be assured of a definite amount or rate of earnings?
(e) Why not invest directly in a business?
(f) Why not invest via the stock market?

From these questions and related discussion, it should become clear that financial institutions serve an important intermediary role. They receive comparatively small amounts of savings from individuals and accumulate these dollars to make higher risk loans which their specialized staff officers are able to evaluate better than would be possible for most individuals to do.

Economic Ideas	Activities
	These institutions strive to earn enough income from operating costs, interest, or dividends to savers, and stil of profit.
	After studying the functions of various financial insti trips and or visiting speakers), have the class role play from individuals into the mainstream of investment in t
5. Credit enhances economic growth.	5. Students contact local automobile and realty agen percentage of people buy cars and homes on credit. automobile manufacturers. Confer with several local many depend on some form of credit in their oper appliance stores to find what percentage of their cus washing machines, and color television sets on credit. I should become clear that the advanced system of mas would not have been possible without credit. People ar high-cost appliances on credit and enjoy using them wh "easy") monthly payments.
6. To "shop" effectively for the best possible finance terms, a borrower must understand the interest cost of credit.	6. Students explore the various sources for borrowing mo report on the different interest rates which are charge institutions find it necessary to charge different rates. provide an important service for certain categories of b work problems to determine the impact of interest rates students report on the major provisions of Oklahoma's U
7. Most money available in American banks for immediate use is in the form of demand deposits (checking accounts).	7. Students ask a local banker for information on the appr and coins in comparison with the value of checking d particular day. Inquire about the common problems d checking accounts and about the check clearing pro makes a check payment to someone in a far away cit protection under FDIC. Find out why interest is paid o checking accounts.

nomic Ideas

Activities

These institutions strive to earn enough income from their investments to pay operating costs, interest, or dividends to savers, and still have a satisfactory level of profit.

After studying the functions of various financial institutions (perhaps via field trips and or visiting speakers), have the class role play how savings are channeled from individuals into the mainstream of investment in the business world.

conomic growth.

5. Students contact local automobile and realty agencies to determine what percentage of people buy cars and homes on credit. Consider implications for automobile manufacturers. Confer with several local businessmen to see how many depend on some form of credit in their operation. Check with home appliance stores to find what percentage of their customers buy refrigerators, washing machines, and color television sets on credit. From these discussions, it should become clear that the advanced system of mass production in the U. S. would not have been possible without credit. People are able to buy homes and high-cost appliances on credit and enjoy using them while making the (hopefully "easy") monthly payments.

ely for the best possible finance must understand the interest

6. Students explore the various sources for borrowing money in the community and report on the different interest rates which are charged. Discuss why different institutions find it necessary to charge different rates. Does each of the lenders provide an important service for certain categories of borrowers? Have students work problems to determine the impact of interest rates on borrowing costs. Have students report on the major provisions of Oklahoma's Uniform Credit Code.

lable in American banks for n the form of demand deposits s).

7. Students ask a local banker for information on the approximate value of currency and coins in comparison with the value of checking deposits in his bank on a particular day. Inquire about the common problems depositors have with their checking accounts and about the check clearing procedure when a depositor makes a check payment to someone in a far away city. Ask about depositors' protection under FDIC. Find out why interest is paid on time deposits but not on checking accounts.

Economic Ideas

8. The value of money is reflected in the quality and the quantity of goods and services which it will buy.

Activities

8. To illustrate that money has no intrinsic value, have t following situation: You are on a deserted island with 10 is this money to you?
   (a) You are hungry. Can you buy food? Can you eat the
   (b) You need warm clothing. Can you use the money to
   (c) Will it protect you from the sun, rain, wind?

   (Note: Money is only a claim on goods and services whic the value of money to the quality and the quantity of com compare prices of a few items now with prices of these s and 20 years ago. They may secure this information merchants. Note that the quality of some manufact automobiles, television sets, and refrigerators may hav

   Since a dollar today will generally buy less than it would 2 economists term *inflation)*, what are the implications fo savings in checking accounts without earning any inte years?

Definition of Terms

Barter — The direct exchange of one commodity or service for another without the money to fill unsatisfied wants.

Coins — Metal items used as money.

Commercial bank — A financial institution whose primary function is to accept demand deposit extend loans to individuals or businesses for a relatively short time.

Currency — Paper bills used as money which are issued by government or its agent.

Demand deposits — (Checking accounts) Money placed in commercial banks upon which checks can be written. A request of the owner of the money, the banks will pay the money to whomev owner wishes.

nomic Ideas

y is reflected in the quality and
oods and services which it will

Activities

8. To illustrate that money has no intrinsic value, have the students discuss the following situation: You are on a deserted island with 100 dollar bills. What good is this money to you?
   (a) You are hungry. Can you buy food? Can you eat the money?
   (b) You need warm clothing. Can you use the money to buy clothing?
   (c) Will it protect you from the sun, rain, wind?

   (Note: Money is only a claim on goods and services which are for sale.) To relate the value of money to the quality and the quantity of commodities, have students compare prices of a few items now with prices of these same items 10 years ago and 20 years ago. They may secure this information from parents or local merchants. Note that the quality of some manufactured products such as automobiles, television sets, and refrigerators may have improved.

   Since a dollar today will generally buy less than it would 20 years ago (a condition economists term *inflation*), what are the implications for people who have held savings in checking accounts without earning any interest income for several years?

Definition of Terms

ter — The direct exchange of one commodity or service for another without the use of money to fill unsatisfied wants.

ns — Metal items used as money.

mmercial bank — A financial institution whose primary function is to accept demand deposits and extend loans to individuals or businesses for a relatively short time.

rency — Paper bills used as money which are issued by government or its agent.

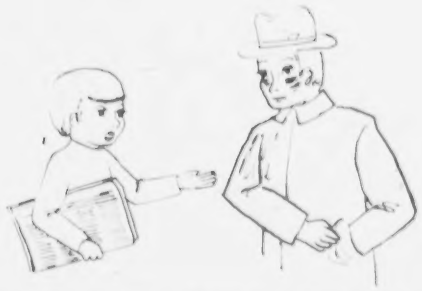
and deposits — Money placed in commercial banks upon which checks can be written. At the request of the owner of the money, the banks will pay the money to whomever the owner wishes.
ecking accounts)

Definition of Terms (Continued)

Dividend —	Payments to owners of corporate stock. Usually the payments are mad current corporate profits. (Economists consider dividends a return to the own of capital.)
Economic growth —	An economic condition which exists when members of communities, regio nations are steadily better able to satisfy their wants.
Federal Deposit Insurance Corporation (FDIC) —	A public corporation created by the United States government in 1933 to deposits in banks and thereby protect depositors against loss in case an i bank fails or suspends payments to depositors. Deposits are insured up to $
Federal Reserve System —	A system of federal banks, one in each of 12 federal reserve districts of the c a Board of Governors, a Federal Open Market Committee, a Federal Ad Council, and member banks which include all national banks and such state who have voluntarily applied for membership. The primary function of this is to control the nation's money supply to achieve stability.
Financial institutions —	Businesses, such as banks, credit associations, savings and loan, insuranc mortgage companies, engaged in the economic activity of borrowing savi individuals and businesses and, in turn, lending the monies to other individu businesses.
Inflation —	A widespread rise in the prices of goods, services, and resources.
Interest —	Payment for the use of money owned by someone else, thus income to tho lend money to others. (Economists consider interest as a return to the owner capital.)
Money —	All things which are acceptable as final payment in exchange for resources, or services. Today, most nations use coins or currency as money.
Time deposit — (Savings account)	An account in a bank or which interest is usually paid but against which cannot be written.

Definition of Terms (Continued)

dend —	Payments to owners of corporate stock. Usually the payments are made from current corporate profits. (Economists consider dividends a return to the ownership of capital.)
omic growth —	An economic condition which exists when members of communities, regions, and nations are steadily better able to satisfy their wants.
ral Deposit Insurance — rporation (C)	A public corporation created by the United States government in 1933 to insure deposits in banks and thereby protect depositors against loss in case an insured bank fails or suspends payments to depositors. Deposits are insured up to $20,000.
ral Reserve System —	A system of federal banks, one in each of 12 federal reserve districts of the country, a Board of Governors, a Federal Open Market Committee, a Federal Advisory Council, and member banks which include all national banks and such state banks who have voluntarily applied for membership. The primary function of this system is to control the nation's money supply to achieve stability.
ncial institutions —	Businesses, such as banks, credit associations, savings and loan, insurance, and mortgage companies, engaged in the economic activity of borrowing savings of individuals and businesses and, in turn, lending the monies to other individuals and businesses.
tion —	A widespread rise in the prices of goods, services, and resources.
rest —	Payment for the use of money owned by someone else, thus income to those who lend money to others. (Economists consider interest as a return to the ownership of capital.)
ey —	All things which are acceptable as final payment in exchange for resources, goods, or services. Today, most nations use coins or currency as money.
deposit — ings account)	An account in a bank or which interest is usually paid but against which checks cannot be written.



VII. THE MARKET ECONOMY OF THE UNITED STATES

Overview

Largely through their actions in the market, U.S. citizens resolve the basic economic questions of what, how, and for whom to produce. A market is the process whereby buyers and sellers come together. Because of modern means of communication, buyers and sellers no longer have to be in the same physical location to accomplish a sale or trade.

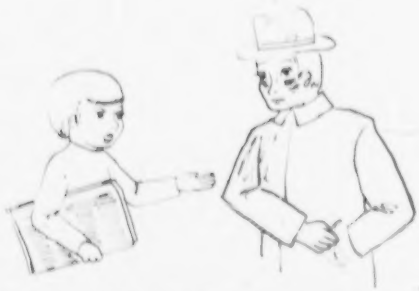
The market price relates buyer and seller willingness and ability to purchase or offer certain goods, services, and resources for sale. Price reflects the value the buyer or seller places on the goods, services, or resources. For example, skilled labor is more productive to an employer than unskilled labor; consequently, the employer is willing to pay a higher wage to the more productive worker. Under normal circumstances, a diamond yields greater want satisfying power to a consumer than a glass of water; therefore, the consumer is willing to pay a higher price for the diamond.

The modern economy of the United States is often described as a "mixed free-enterprise" economy. Citizens are free to own property, to enter into contract, and to make decisions about the use of their property. Businessmen are motivated by a desire to earn profit, and potential or actual competition from other businesses helps assure that consumer desires will be served effectively.

In this market system, the question of what goods and services should be produced is determined primarily by the customer. Businesses are motivated by the desire for profit to produce just what the consumer wants. If consumers are not willing to buy a good at a price greater than the business cost of producing the good or service, then businesses will incur a loss and shift fr
good to the production of other goods or ser
consumers at a price higher than the cost of p

The question of how the goods and servi
determined by the desire for profit on the part
are constantly striving to find more efficie
goods and services, which will, in turn, lowe
profit. The desire for profit also stimulates
goods and services for the satisfaction of
competition prevents businesses from exploi
member of the market society seeks to "line
silver." Thus, when an industry becomes e
business firms move additional producti
increasing the availability of certain goods a
selling price. These events often occur when
such as color television, is first marketed.

The market also determines for whom the
be produced. Nothing is free. Everything h
goods and services are generally distributed
with an income sufficient to pay the pr
producers helps insure the efficient productio
a comparatively low cost to consumers. A
economic decisions are made in the market,
which the market mechanism cannot provide
For example, it has been determined to be in t
for various levels of government to assum
education, protection, and a judiciary syste



VII. THE MARKET ECONOMY OF THE UNITED STATES

Overview

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of the United States is often described as a economy. Citizens are free to own property, to d to make decisions about the use of their are motivated by a desire to earn profit, and etition from other businesses helps assure that e served effectively.

m, the question of what goods and services s determined primarily by the customer. d by the desire for profit to produce just what consumers are not willing to buy a good at a usiness cost of producing the good or service, then businesses will incur a loss and shift from the production of that good to the production of other goods or services which are desired by consumers at a price higher than the cost of production.

The question of how the goods and services should be produced is determined by the desire for profit on the part of businesses. Businesses are constantly striving to find more efficient methods of producing goods and services, which will, in turn, lower their costs and enhance profit. The desire for profit also stimulates businesses to seek new goods and services for the satisfaction of consumer wants. Again, competition prevents businesses from exploiting the consumer. Every member of the market society seeks to "line his pocket with gold and silver." Thus, when an industry becomes excessively profitable, new business firms move additional production into that industry, increasing the availability of certain goods and, in turn, decreasing the selling price. These events often occur when a successful new product, such as color television, is first marketed.

The market also determines for whom the goods and services should be produced. Nothing is free. Everything has a price tag; thus, the goods and services are generally distributed only to those individuals with an income sufficient to pay the price. Competition among producers helps insure the efficient production of goods and services at a comparatively low cost to consumers. Although the majority of economic decisions are made in the market, there are some functions which the market mechanism cannot provide effectively for all citizens. For example, it has been determined to be in the best interest of society for various levels of government to assume the tasks of providing education, protection, and a judiciary system.

VII. THE MARKET ECONOMY OF THE UNITED STATES
Grades K—3

Economic Ideas	Activities
1. Transactions for the exchange of goods and services between the buyer and the seller are made in the "market."	1. If possible, take the students to an auction whe competitive bidding of buyers. Discuss how each buye will bid for an item (he probably has general knowledge communities, and he weighs his immediate desire conception of the going market price for it). Notice that his own product at an auction if he isn't satisfied with offering. With play money, the students can then role at an auction. Students may confer with local merchants to determi their products and what they do when a certain item r time and doesn't sell. Students should then report on th
2. Buyers and sellers sometimes do not meet "face to face," but may deal with each other by telephone or mail. Sometimes buyers may employ agents to represent them in conducting business transactions.	2. Have the students review a mail order catalogue. Simu and role play all of the activities which follow until th student's residence. Discuss buying via the telephone a
3. Generally, sellers want to sell at the highest price possible and buyers want to buy at the lowest price possible. Price in a given market is determined by *supply and demand.*	3. Ask the students to explain why sellers want to sell at Then, ask the students why buyers want to buy at the l points for discussion: When a buyer and seller agree o trade, does this agreement influence the general price f buyer and the seller benefit from a market transaction?
4. Effective demand depends not only on the buyer's desire and willingness to buy a good or service, but also on his ability to pay for it.	4. Ask the students whether they would like to buy a new ask the students how many will, in fact, buy a new ca week. Note that there is no *effective demand* for a c unless some are both able and willing to make such a pu
5. When many people are demanding a particular good that is in short supply, the price tends to increase.	5. Have students draw pictures of something that is n scarce. (Certain kind of doll, hot wheels, or other toys effect of demand on price when the item is scarce and when items become plentiful or are less in demand. after Christmas.

VII. THE MARKET ECONOMY OF THE UNITED STATES
Grades K – 3

nomic Ideas

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the buyer and the seller are
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s sometimes do not meet "face
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Sometimes buyers may employ
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want to sell at the highest price
ers want to buy at the lowest
Price in a given market is
upply and demand.

depends not only on the buyer's
gness to buy a good or service,
lity to pay for it.

le are demanding a particular
nort supply, the price tends to

Activities

1. If possible, take the students to an auction where they can witness the competitive bidding of buyers. Discuss how each buyer determines how much he will bid for an item (he probably has general knowledge of the item's price in other communities, and he weighs his immediate desire for the item against his conception of the going market price for it). Notice that the seller may also bid on his own product at an auction if he isn't satisfied with the prices that buyers are offering. With play money, the students can then role play the purchase of goods at an auction.

   Students may confer with local merchants to determine how retail stores price their products and what they do when a certain item remains on the shelf a long time and doesn't sell. Students should then report on their findings.

2. Have the students review a mail order catalogue. Simulate their placing an order and role play all of the activities which follow until the order is delivered at the student's residence. Discuss buying via the telephone and newspaper order forms.

3. Ask the students to explain why sellers want to sell at the highest poosible price. Then, ask the students why buyers want to buy at the lowest possible price. Other points for discussion: When a buyer and seller agree on a price at which they will trade, does this agreement influence the general price for that item? Do both the buyer and the seller benefit from a market transaction?

4. Ask the students whether they would like to buy a new car for their family. Then ask the students how many will, in fact, buy a new car for their family within a week. Note that there is no *effective demand* for a car by any of the students unless some are both able and willing to make such a purchase.

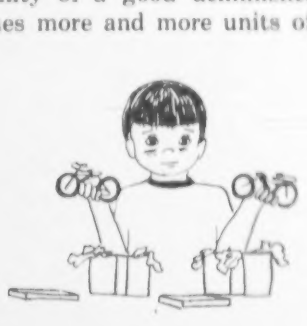
5. Have students draw pictures of something that is much in demand but very scarce. (Certain kind of doll, hot wheels, or other toys in demand.) Discuss the effect of demand on price when the item is scarce and what will happen to price when items become plentiful or are less in demand. Example: toys before and after Christmas.

Economic Ideas	Activities
6. When people want to sell large quantities of a particular good for which there is little demand, the price tends to decrease.	6. Suppose every family in a small town had a garden and How would this affect the price of tomatoes in the groce Suppose some of these people had more tomatoes than to sell them. Why might they need to sell at a cheaper another one where there were no gardens? Compare the probable effect of the following situations (a) 100 buyers who have money and want to buy b sale. (b) 100 bikes for sale but only 10 buyers who have mo
7. Demand for a good or service may be increased through advertising.	7. Have each student clip an ad from the newspaper or m particular ad would make people want to buy. trademarks, and colorful packaging that helps sell the boxes that contain prizes or cutouts. Discuss the adva of advertising. Note that many good products are ne developer is not able to establish an effective sal consumer.

VII. THE MARKET ECONOMY OF THE UNITED STATES

Grades 4—6

1. The utility of a good deminishes as the user consumes more and more units of that good.	1. Discussion questions for students: What would you do i your birthday you received two of the same things: f skates, two hot-wheels sets, two sweaters exactly alike be more thrilled when you received the first item or th Assume your mother has baked a fresh pie and told y wish. Which would taste best — the first, second, or would you enjoy least: Discuss this diminishing utili production as an important reason why the price mus more units of a particular good are to be sold at one ti had been produced last year, what would have happened

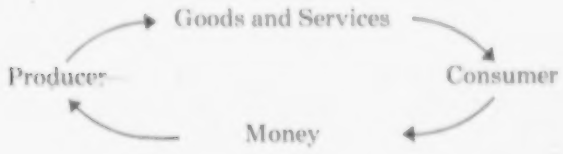


onomic Ideas	Activities
nt to sell large quantities of a or which there is little demand, o decrease.	6. Suppose every family in a small town had a garden and raised their own tomatoes. How would this affect the price of tomatoes in the grocery store? Suppose some of these people had more tomatoes than they could use and wanted to sell them. Why might they need to sell at a cheaper price in this town than in another one where there were no gardens? Compare the probable effect of the following situations on bike prices: (a) 100 buyers who have money and want to buy bikes but only 10 bikes for sale. (b) 100 bikes for sale but only 10 buyers who have money.
od or service may be increased ing.	7. Have each student clip an ad from the newspaper or magazine and tell why this particular ad would make people want to buy. Discuss catchy slogans, trademarks, and colorful packaging that helps sell the product. Example: cereal boxes that contain prizes or cutouts. Discuss the advantages and disadvantages of advertising. Note that many good products are never marketed because the developer is not able to establish an effective sales program to reach the consumer.

VII. THE MARKET ECONOMY OF THE UNITED STATES

Grades 4—6

good deminishes as the user nd more units of that good.	1. Discussion questions for students: What would you do if at Christmas time or on your birthday you received two of the same things; for example, two pairs of skates, two hot-wheels sets, two sweaters exactly alike; In each case, would you be more thrilled when you received the first item or the second item of the pair? Assume your mother has baked a fresh pie and told you to eat as much as you wish. Which would taste best — the first, second, or third piece? Which piece would you enjoy least: Discuss this diminishing utility of additional units of production as an important reason why the price must be reduced if more and more units of a particular good are to be sold at one time. If twice as many cars had been produced last year, what would have happened to car prices?

Economic Ideas	Activities
2. Market prices serve to ration and to allocate available goods and services.	2. Discuss the way prices served to control the distributio during the first year they were produced (i.e., their pr high and few people bought a set at that time. Howev available, competition forced a reduction in prices).
3. Laborers exchange their services in the market place for income in the form of salary, wages, or fees.	3&4 Ask any students who do part-time work to expla employment and the income received. Ask how they following services: (a) mowing a yard (b) delivering newspapers for a week, (c) sewing doll clothes to sell, (d) babysitting. Discuss how *supply and demand* forces serve to esta differeat labor services just as these same forces result in consumer goods. Supply and demand forces also determi the level of interest. Consider what would happen to experiencing a great economic boom with much new indus
4. In the market the price paid for the use of land is called rent, and the price for the use of money is called interest.	
5. Goods produced by business must be sold to consumers to provide money for the next round of production. If the businessman correctly forecasts effective consumer demand and the cost of production, a profit is made. If the businessman's forecast is incorrect, the business suffers a loss. This circular flow in the market mechanism can be illustrated as follows:  	5. To illustrate the circular flow of money, goods, and s discuss and perhaps chart the purchases consumers ma during a given period of time and the business use of th goods available for consumption. Discuss the many ma may be involved in moving goods from a producer to c financing, storing, insuring, selling, etc.). (To inject a n into the producer's role, suppose the class (as producers sale one sunny Saturday with consumers buying ever suppose that with the money received, the class pays its many items for sale the following Saturday, but bad weat home. Discuss what can be done about the unanticipated calamity. How would students forecast production for the

mic Ideas

to ration and to allocate
services.

their services in the market
the form of salary, wages, or

rice paid for the use of land is
price for the use of money is

y business must be sold to
le money for the next round of
he businessman correctly
onsumer demand and the cost
profit is made. If the
ast is incorrect, the business
circular flow in the market
illustrated as follows:

Activities

2. Discuss the way prices served to control the distribution of color television sets during the first year they were produced (i.e., their prices were comparatively high and few people bought a set at that time. However, as more sets became available, competition forced a reduction in prices).

3&4 Ask any students who do part-time work to explain the nature of their employment and the income received. Ask how they would charge for the following services:
(a) mowing a yard
(b) delivering newspapers for a week,
(c) sewing doll clothes to sell,
(d) babysitting.
Discuss how *supply and demand* forces serve to establish market prices for different labor services just as these same forces result in prices for a multitude of consumer goods. Supply and demand forces also determine the price of rent and the level of interest. Consider what would happen to rental prices in a town experiencing a great economic boom with much new industry.

5. To illustrate the circular flow of money, goods, and services, have the class discuss and perhaps chart the purchases consumers make at local businessess during a given period of time and the business use of this income to make more goods available for consumption. Discuss the many marketing functions which may be involved in moving goods from a producer to consumers (transporting, financing, storing, insuring, selling, etc.). (To inject a marketing problem area into the producer's role, suppose the class (as producers) had a successful bake sale one sunny Saturday with consumers buying everything produced. Then suppose that with the money received, the class pays its bills and bakes twice as many items for sale the following Saturday, but bad weather keeps consumers at home. Discuss what can be done about the unanticipated loss resulting from this calamity. How would students forecast production for the next sale?)

Economic Ideas	Activities
6. The action of business firms competing to sell similar products tends to lower market prices.	6. Have the students discuss what they would charge for t if another class were to have a bake sale in the same loca
7. In providing a few basic services, the government modifies the role of the market in order to provide for the common welfare more effectively.	7. Discuss why we do not rely on the market economy education, police and fire protection, regulatory meas interesting debate might deal with the possibility of relying on the market economy to attract citizens to serv

Definition of Terms

Effective demand — At a given time, the quantities of goods, services, and resources purchasers and willing to buy at all the various prices. (Economists consider demand to of price/quantity relationships with each price / quantity relationship an ele the set.)

Market — Any situation in which exchange takes place. The exchange may be eithe form of goods, resources, or services for money or for other goods, serv resources.

Rent — Payment for the use of natural resources. (Economists consider rent to be a to the ownership of land.)

Supply — At a given time, the quantities of goods and services owners are able and wi offer for sale at all the various prices. (Economists consider supply to be price / quantity relationships with each price / quantity an element in the set.

Utility — The ability to satisfy a human want or desire. It is a subjective appraisal dep upon the individual concerned and the object considered.

omic Ideas

iness firms competing to sell
nds to lower market prices.

basic services, the government
the market in order to provide
elfare more effectively.

Activities

6. Have the students discuss what they would charge for the bake items (activity 5) if another class were to have a bake sale in the same locality.

7. Discuss why we do not rely on the market economy to provide our needs for education, police and fire protection, regulatory measures, and the courts. An interesting debate might deal with the possibility of removing the draft and relying on the market economy to attract citizens to serve in the armed forces.

Definition of Terms

ctive demand — At a given time, the quantities of goods, services, and resources purchasers are able and willing to buy at all the various prices. (Economists consider demand to be a set of price/quantity relationships with each price / quantity relationship an element in the set.)

ket — Any situation in which exchange takes place. The exchange may be either in the form of goods, resources, or services for money or for other goods, services, or resources.

t — Payment for the use of natural resources. (Economists consider rent to be a return to the ownership of land.)

ply — At a given time, the quantities of goods and services owners are able and willing to offer for sale at all the various prices. (Economists consider supply to be a set of price / quantity relationships with each price / quantity an element in the set.)

ty — The ability to satisfy a human want or desire. It is a subjective appraisal depending upon the individual concerned and the object considered.

VIII. THE ECONOMIC ROLE OF GOVERNMENT IN THE AMERICAN ECONOMY

Overview

Since the beginning of time, man has tended to congregate. Early in the history of mankind, men tended to unite in family units and tribes. Later in history, people congregated forming cities, counties, states, and nations. The tendency of people to assemble is based on the desire for economic well-being as well as customs and mores. When people unite, they are able to provide for the better satisfaction of their wants than they could achieve individually.

Broadly, democratic governments at all levels involve groups of people working together to solve problems for the satisfaction of their wants. Probably the oldest function of governments is protection of citizens from attack. During the era of feudalism, the serfs of a manor were protected from barbaric attack by the combined resources of the feudal lord, and American citizens now support the armed forces to protect them from attack by unfriendly nations. By maintaining fire and police departments, members of a city are protected from disaster by fire, nonlaw-abiding citizens, riots, and criminals.

As societies have become more complex, the variety and quantity of goods and services provided by governments have increased. In a basically free enterprise economy, the following economic issues are considered in deciding whether goods and services should be provided through the public sector (by government) or the private sector (by individuals or businesses): (1) Can an essential good or service be provided by the private sector? (2) How efficiently can the good or service be made available to the people we wish to serve?

In our complex economy, governments e
such as providing protection, a judiciary syst
communications and transportation systems,
programs, and special incentives such as pat
and regulation of subsidies to encourage or
groups. In carrying out these functions, gov
and sellers of goods, services, and resour
influence the allocation of resources in our

Historically, the role of government in the
As the economy became more complex and wit
certain industries, competition no longer seem
protect the economic interests of the consum
Hence, beginning with the Sherman Anti
government has become a "regulator" of m
activity. Following the Great Depression and
government was assigned the responsibi
employment with price stability.

Governments receive income in the form
and businesses. When governments impos
businesses, they take money from them, and
that portion of the nation's productive resour
governments attempt to levy taxes fairly
attaining this objective is no easy task. Gove
tax income to pay for the many goods fabrica

VIII. THE ECONOMIC ROLE OF GOVERNMENT IN THE AMERICAN ECONOMY

Overview

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In our complex economy, governments engage in many activities such as providing protection, a judiciary system, educational facilities, communications and transportation systems, a money system, welfare programs, and special incentives such as patents to reward inventors and regulation of subsidies to encourage or assist certain economic groups. In carrying out these functions, governments are the buyers and sellers of goods, services, and resources. Consequently, they influence the allocation of resources in our economy.

Historically, the role of government in the United States has grown. As the economy became more complex and with a few firms dominating certain industries, competition no longer seemed inherently available to protect the economic interests of the consumers and small producers. Hence, beginning with the Sherman Anti-Trust Act, the federal government has become a "regulator" of many aspects of economic activity. Following the Great Depression and World War II, the federal government was assigned the responsibility of promoting full employment with price stability.

Governments receive income in the form of taxes from individuals and businesses. When governments impose taxes on citizens or businesses, they take money from them, and thus assume control over that portion of the nation's productive resources. In the United States, governments attempt to levy taxes fairly and justly; however, attaining this objective is no easy task. Governments, in turn, use the tax income to pay for the many goods fabricated for governmental use

and services performed by governments. Expenditures by governments are a cost to government but income to the individuals and businesses who receive these payments.

By adjusting the level of governmental expenditures and tax rates the federal government attempts when su promote economic growth and stability. government should be involved in the Amer which each generation must decide for itsel

VIII. ECONOMIC ROLE OF GOVERNMENT IN THE AMERICAN ECONOMY
Grades K—3

Economic Ideas

1. The economic and cultural opportunities available in cities have caused the cities to grow. The city government has had to expand its role with the growth of cities.

2. Public capital goods are owned by the city government for use in providing goods and services to local citizens.

Activities

1. Have the class list common economic activities in an ear butcher, baker, blacksmith, innkeeper, etc.) and funct that would have been necessary (such as, provisions fo disposal, fire prevention equipment, and a few city or class prepare a list of economic activities and governme in a modern American city. The students could invit governmental leaders and other citizens who would be information.

   Students should then compare their "long ago and t conclusions concerning changes that have occurred (e.g. both the private and governmental sectors of the c functions of city governments). They might also ma additional changes needed in city government fu conclusions, and recommendations could be presente displays, in student reports, etc.

2. Take the class on a field trip to view the various capita by the city such as parks, water facilities, public offic and maintenance equipment, fire station and equipn equipment, community building and/or civic center, recr

)y governments. Expenditures by governments
t but income to the individuals and businesses
ients.

el of governmental expenditures and tax rates

the federal government attempts when such seems warranted, to promote economic growth and stability. The extent to which government should be involved in the American economy is an issue which each generation must decide for itself.

VIII. ECONOMIC ROLE OF GOVERNMENT IN THE AMERICAN ECONOMY

Grades K—3

omic Ideas

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ad to expand its role with the

ods are owned by the city
ise in providing goods and
itizens.

Activities

1. Have the class list common economic activities in an early American city (e.g., the butcher, baker, blacksmith, innkeeper, etc.) and functions of city government that would have been necessary (such as, provisions for law and order, garbage disposal, fire prevention equipment, and a few city ordinances). Then have the class prepare a list of economic activities and governmental functions performed in a modern American city. The students could invite to the classroom local governmental leaders and other citizens who would be able to contribute useful information.

   Students should then compare their "long ago and today" lists and arrive at conclusions concerning changes that have occurred (e.g., greater specialization in both the private and governmental sectors of the cities and the increasing functions of city governments). They might also make recommendations on additional changes needed in city government functions. Their findings, conclusions, and recommendations could be presented on murals, in special displays, in student reports, etc.

2. Take the class on a field trip to view the various capital goods (facilities) owned by the city such as parks, water facilities, public office buildings, construction and maintenance equipment, fire station and equipment, police station and equipment, community building and/or civic center, recreation facilities, etc.

Economic Ideas	Activities
3. The goods and services provided by the city government are paid for primarily by taxes. These are things people elect to buy together rather than as individuals because everyone will benefit in some way.	3. Have the students make posters depicting services pr source of funds which pay for these services. Discuss to benefits all local people. Consider why people who do no of a city should have to pay taxes to support it (such as o paying taxes for roads and streets, people without c schools, etc.).
4. Many cities conduct periodic campaigns to get new business and industry located in their geographic areas.	4. Students learn from a local chamber of commerce or programs to promote economic development of the area important to a city.
5. City government helps to keep the city orderly and healthy.	5. Students learn from a local "city hall" about some ordinances dealing with traffic, sanitation, zoning, li purposes. Discuss the increasing complexity of these pr cities.
6. The people of the city determine the degree of government involvement in the local community.	6. List local elections (including any recent bond issues) whi government.
7. Today more demands are being made of city government than were made in the past. Citizens should carefully weigh the cost of expanded services against their goals for the city and the benefits to be derived.	7. Have students collect litter around their homes. Pose th hire persons to keep all yards clean or should this be left have students make "litterbug" posters.

VIII. ECONOMIC ROLE OF GOVERNMENT IN THE AMERICAN ECONOMY
Grades 4—6

1. Local, state, and federal governments produce both goods and services.	1. Students prepare separate bulletin board displays sho provided by the city government, the state gover government. Discuss why these goods and services were business for all the people.

nomic Ideas	Activities
ervices provided by the city paid for primarily by taxes. people elect to buy together viduals because everyone will ay.	3. Have the students make posters depicting services provided by a city and the source of funds which pay for these services. Discuss to what extent each service benefits all local people. Consider why people who do not use a particular service of a city should have to pay taxes to support it (such as older people without a car paying taxes for roads and streets, people without children paying taxes for schools, etc.).
ct periodic campaigns to get l industry located in their	4. Students learn from a local chamber of commerce or the city planners about programs to promote economic development of the area and why this objective is important to a city.
nelps to keep the city orderly	5. Students learn from a local "city hall" about some of the basic rules and ordinances dealing with traffic, sanitation, zoning, licensing, etc. and their purposes. Discuss the increasing complexity of these procedures in much larger cities.
city determine the degree of rement in the local community.	6. List local elections (including any recent bond issues) which affect the role of local government.
ands are being made of city were made in the past. Citizens weigh the cost of expanded heir goals for the city and the ived.	7. Have students collect litter around their homes. Pose the problem: Should a city hire persons to keep all yards clean or should this be left to each family? Perhaps have students make "litterbug" posters.

VIII. ECONOMIC ROLE OF GOVERNMENT IN THE AMERICAN ECONOMY

Grades 4—6

federal governments produce rvices.	1. Students prepare separate bulletin board displays showing goods and services provided by the city government, the state government, and the federal government. Discuss why these goods and services were not produced by private business for all the people.

Economic Ideas	Activities
2. Government goods and services are provided primarily through taxation, but individual citizens do not all pay the same amount of taxes.	2. Invite a tax assessor to talk to the class about ways in assessed, collected, and allowed. Consider whether pro people who rent their homes. Have the class determin uses of funds from the sales tax and income tax and co each tax on high-income vs. low-income people.
3. Capital goods purchased with tax money are publicly owned for use by all citizens.	3. Given a list of goods such as the following, have the stu under the headings; Publicly Owned and Privately family automobile, (c) school, (d) fire department, (e) parks, (h) libraries, (i) army, (j) zoos, (k) dams, (l telephones.
4. Society may modify the market system by regulating business activity. Government provides checks against unfair trade practices, economic discrimination, monopoly, and other acts contrary to the general welfare. Recent attention has been given to consumer "protection."	4. Ask students to give examples of ways in which business activities. Consider the pros and cons of following: (a) bank examinations, (b) the Uniform meat inspections, (d) price regulations or controls, (e) (f) government licenses to engage in business, and (g) o
5. The government protects ownership and use of private property.	5. Have students read newspapers and interview parents how the government protects private property. In addi protection, consider also patents, copyrights, insur property titles, and other legal protections for the prop
6. The degree of government participation in our market economy is largely determined by the people. As the needs and wants of the people change, the role of the government changes.	6. Discuss with the class the broad aspects of rules in relat Note, of course, that some rule (such as stop signs economy develops and becomes more complex. Point responsibility in shaping the role of government. Perh the "pro and con" positions concerning a particular gov

onomic Ideas

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gh taxation, but individual
pay the same amount of taxes.

urchased with tax money are
or use by all citizens.

odify the market system by
iness activity. Government
against unfair trade practices,
ination, monopoly, and other
the general welfare. Recent
been given to consumer

protects ownership and use of

overnment participation in our
is largely determined by the
eeds and wants of the people
of the government changes.

Activities

2. Invite a tax assessor to talk to the class about ways in which property taxes are assessed, collected, and allowed. Consider whether property tax is an expense to people who rent their homes. Have the class determine the major governmental uses of funds from the sales tax and income tax and consider the relative effect of each tax on high-income vs. low-income people.

3. Given a list of goods such as the following, have the students categorize the items under the headings; Publicly Owned and Privately Owned: (a) highways, (b) family automobile, (c) school, (d) fire department, (e) furniture, (f) vacation, (g) parks, (h) libraries, (i) army, (j) zoos, (k) dams, (l) family houses, and (m) telephones.

4. Ask students to give examples of ways in which the government regulates business activities. Consider the pros and cons of regulations such as the following: (a) bank examinations, (b) the Uniform Consumer Credit Code, (c) meat inspections, (d) price regulations or controls, (e) food and drug inspections, (f) government licenses to engage in business, and (g) oil production quotas.

5. Have students read newspapers and interview parents and neighbors to find out how the government protects private property. In addition to basic police and fire protection, consider also patents, copyrights, insurance of savings deposits, property titles, and other legal protections for the property holder.

6. Discuss with the class the broad aspects of rules in relation to individual freedom. Note, of course, that some rule (such as stop signs) become essential as an economy develops and becomes more complex. Point up the student's future responsibility in shaping the role of government. Perhaps have students debate the "pro and con" positions concerning a particular governmental regulation.

Definition of Terms

Economic freedom — The principle that individuals have mobility in the economy in that they are guaranteed the right to choose their own jobs, to buy and sell property, and to enter into or dissolve a business.

Income tax — A tax on the net income of individuals or corporations, usually with progressive rates. The most important source of federal revenue.

Monopoly — A market situation in which there is only one seller of a product and there are no acceptable substitutes.

Property tax — A set charge by governments on the value of tangible property owned by individuals and businesses. The value of the property is determined by a representative of the government.

Sales tax — A set amount which individuals and business firms must pay to city and state governments. The amount paid to governments depends upon the sale price of the good or service purchased.

Sherman Anti-Trust Act — Act passed in 1890, which prohibits combinations or conspiracies in restraint of interstate trade and forbids monopolies or the attempt to monopolize.

Stability — An economic condition which exists when over a period of time the same amount of money buys the same amount of resources, goods, and services.

IX. ECONOMIC GROWTH AND PRICE STABILITY

Overview

Throughout history, man has constantly strived for a higher standard of living to better fulfill his wants. Over the years, most Americans have accomplished this objective, but citizens of many other nations have not been so fortunate. A society's ability to achieve economic growth is limited by the availability and quality of its productive resources. Americans have made great progress by upgrading their education and employable skills, investing in an increasing stock of capital resources, and applying new technology. However, in countries such as India, advances in technology have been off-set by increases in population. As long as the population of a nation increases faster than its productive capacity, each generation must suffer a lower standard of living.

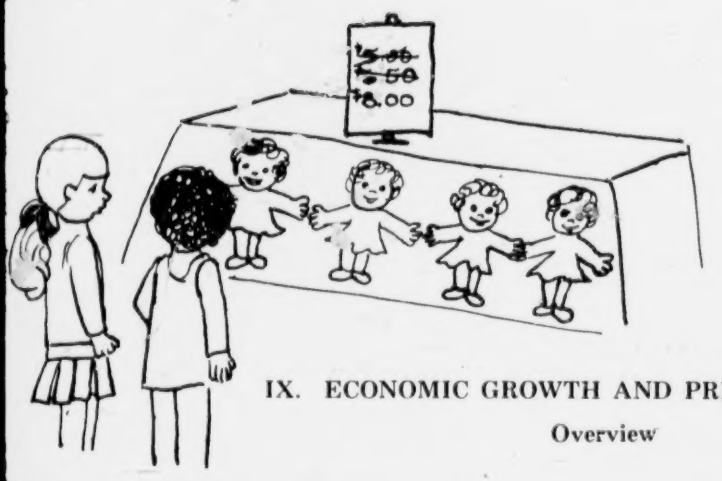
The ability of a nation to increase its productive capacity is, in part, dependent upon the availability of natural resources. Although technological advances often serve to increase our stock of useable resources, conservation (or wise use) of natural resources is important for economic growth in the future.

A nation's ability to achieve a high standard of living is also dependent upon the quality and quantity of its human resources. In the United States, education is recognized as one of the most important ingredients for sustained economic growth. Education enables man to increase his productivity and better satisfy his wants with less effort than otherwise would be possible.

Capital resources, the tools and machin process, are another ingredient essential tremendous growth achieved by the people been greatly influenced by the applicati quantity and quality of capital goods. For industry improvements in alloys have re techniques to work exotic metals.

Entrepreneurship is the fourth essenti economic growth. Fortunately, the cultural of the United States has stimulated en resources and make improvements in tech

Every nation seeks economic price stab growth. Every time prices increase (inflatio for buying the same things. During a depre unemployed, incomes are low, and produc capability. During inflation, production is us employment is exceptionally high but price purchasing power of many people is decrea income or other fixed income are particular prices.



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Capital resources, the tools and machines used in the production process, are another ingredient essential to economic growth. The tremendous growth achieved by the people of the United States has been greatly influenced by the application of an ever increasing quantity and quality of capital goods. For instance, in the aerospace industry improvements in alloys have required new machines and techniques to work exotic metals.

Entrepreneurship is the fourth essential ingredient for achieving economic growth. Fortunately, the cultural and political environment of the United States has stimulated entrepreneurs to seek new resources and make improvements in technology.

Every nation seeks economic price stability as well as economic growth. Every time prices increase (inflation), more money is required for buying the same things. During a depressionary period, people are unemployed, incomes are low, and production does not reach full capability. During inflation, production is usually at a peak. The rate of employment is exceptionally high but prices also increase so that the purchasing power of many people is decreased. People on retirement income or other fixed income are particularly hard pressed by rising prices.

IX. ECONOMIC GROWTH AND STABILITY

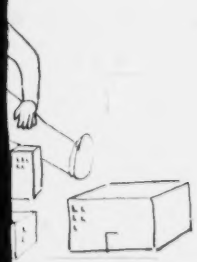
Grades K—3

Economic Ideas	Activities
1. The ability to make the best use of nearby natural resources is determined by the kinds and amounts of labor and capital goods in the city.	1. Students list the natural resources of their community these resources might be used more effectively wit industries or expansion of existing industries. What would be attracted to your community to make effecti available?
2. Every city should have surrounding land for orderly growth.	2. If possible, have the students confer with a local city planning for orderly growth and development of cities. 1960's, Oklahoma City annexed so much land that it c other city in the United States. Note the need for freeways, and zoned areas for housing, parks, schools, could secure newspaper clippings which reveal growt They could prepare a display or mural showing the city the suburban areas.
3. Cities depend on markets outside their boundaries for the purchase and sale of many goods and services.	3. Have groups of students visit certain businesses such stores, drug stores,etc., and report on the extent to whi shipped there from other cities. They may find newspa highlight economic goods such as oranges received from
4. Transportation, communication, and utility systems are essential for modern cities.	4. Invite local businessmen to discuss with the class their the city's transportation, communication, educatio systems for industrial development. Students could listed in the preceding activity No. 4 was shipped to the

IX. ECONOMIC GROWTH AND STABILITY

Grades K—3

mic Ideas	Activities
he best use of nearby natural ned by the kinds and amounts goods in the city.	1. Students list the natural resources of their community and then determine how these resources might be used more effectively with inputs of certain new industries or expansion of existing industries. What types of new industries would be attracted to your community to make effective use of the kind of labor available?
have surrounding land for	2. If possible, have the students confer with a local city planner about the need of planning for orderly growth and development of cities. Consider why early in the 1960's, Oklahoma City annexed so much land that it covered more area than any other city in the United States. Note the need for airports, industrial parks, freeways, and zoned areas for housing, parks, schools, businesses, etc. Students could secure newspaper clippings which reveal growth patterns in their cities. They could prepare a display or mural showing the city layout from downtown to the suburban areas.
markets outside their purchase and sale of many	3. Have groups of students visit certain businesses such as grocery stores, clothing stores, drug stores,etc., and report on the extent to which goods for sale have been shipped there from other cities. They may find newspaper advertisements which highlight economic goods such as oranges received from other states.
ommunication, and utility al for modern cities.	4. Invite local businessmen to discuss with the class their opinion of the adequacy of the city's transportation, communication, education, recreation, and utility systems for industrial development. Students could determine how each item listed in the preceding activity No. 4 was shipped to the city.



IX. ECONOMIC GROWTH AND STABILITY
Grades 4–6

Economic Ideas

1. The basic needs of food, clothing, and shelter are a primary concern of individuals, families, and cities. Only after these basic needs are resolved can attention be given to achieving economic growth.

2. A society must produce goods and services at a faster rate than its population increases if it is to improve the standard of living of its people.

Activities

1. Students discuss, role play, write stories, and/or prep following problem situations.
   (a) Robinson Crusoe shipwrecked on a Pacific i clothing, or shelter. He has no tools or equipmen on the island be committed to survival? Then aft might he "save" some time for making capital g game trap,etc., so that he can become more pr life?
   (b) A poor working man, 35 years of age, with litt skills who can only do manual labor such as y under close supervision. The pay scale is very lo town, and he has difficulty finding enough emp basic needs of his family. What can he do to imp earn more income?
   (c) Starvation City, in an Asian country, is plagu having enough food for its fast growing populat die of starvation. The people work hard at men employment, but population is expanding fast production so that the standard of living kee There is little or no investment in new ec virtually all income is immediately spent for ba can Starvation City do to provide a better futu standard of living higher in American cities?

2. A group of 10 students may role play the citizens of a to these students 10 (actual or hypothetical) apples production of all goods and services (gross national p the average production per citizen. Then add 10 r population increase) and five more apples representi product. Distribute the 15 apples to the 20 students the new average production per citizen to demonstr increasing faster than GNP.

   Divide the class into groups to study the economi certain underdeveloped countries such as Brazil, population has grown faster than GNP for many years

IX. ECONOMIC GROWTH AND STABILITY
Grades 4—6

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given to achieving economic

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s population increases if it is to
dard of living of its people.

Activities

1. Students discuss, role play, write stories, and/or prepare murals dealing with the following problem situations.
   (a) Robinson Crusoe shipwrecked on a Pacific island without food, extra clothing, or shelter. He has no tools or equipment. How would his first days on the island be committed to survival? Then after he learns to survive, how might he "save" some time for making capital goods such as a fishing net, game trap,etc., so that he can become more productive and enjoy a better life?
   (b) A poor working man, 35 years of age, with little education and no special skills who can only do manual labor such as yard work and similar jobs under close supervision. The pay scale is very low for such work in his small town, and he has difficulty finding enough employment to pay for the most basic needs of his family. What can he do to improve his productivity and to earn more income?
   (c) Starvation City, in an Asian country, is plagued with the problem of not having enough food for its fast growing population. Every day some people die of starvation. The people work hard at menial jobs when they can find employment, but population is expanding faster than the city' growth in production so that the standard of living keeps falling lower and lower. There is little or no investment in new economic enterprises because virtually all income is immediately spent for basic food and shelter. What can Starvation City do to provide a better future for its people? Why is the standard of living higher in American cities?

2. A group of 10 students may role play the citizens of an entire country. Distribute to these students 10 (actual or hypothetical) apples representing the country's production of all goods and services (gross national product) for a year. Observe the average production per citizen. Then add 10 more students (assuming a population increase) and five more apples representing increased gross national product. Distribute the 15 apples to the 20 students and have the class compute the new average production per citizen to demonstrate the effect of population increasing faster than GNP.

   Divide the class into groups to study the economic development problems of certain underdeveloped countries such as Brazil, Ecuador, and Peru where population has grown faster than GNP for many years.

Economic Ideas	Activities
3. The quantity and quality of human resources are important for economic growth.	3. Some students could find out the average educational a the underdeveloped countries studied in activity No. 1. people are illiterate? Perhaps also consider other f sanitation, and nutrition. What are the major occupati their goals in life? Consider how the educational lev motivation of American citizens have contributed to country. Discuss how education in America could be mad
4. To maintain their productivity, business organizations must set aside part of current earnings for replacement of capital which wears out or becomes obsolete.	4. Have the class prepare a short list of equipment in variou as a laundry, a road construction firm, an automobil aerospace manufacturer in order to observe the im providing for new, improved equipment. Students might to determine their provision for depreciation and obsoles Consider what would have happened to production in a been unwilling to replace work horses with tractors. Rol labor force (both on the farm and in the new tractor which resulted from this capital investment in agricu
5. In the United States, more income is earned than is spent for consumption. The difference (savings) is available for investment in new capital (production facilities).	5. Have small groups of students consider why underdeve invested in more capital to improve their productivity standard of living. Ask for recommendations on hov develop faster. During reporting sessions, keep in min income, education, and "social capital" such as roads, government instability in many of the countries being s importance of maintaining incentives for capital inve economy.
6. Inflation takes place when spending increases faster than production. Depression results when there is a considerable drop in production, and great numbers of people cannot find employment.	6. Have students compare the average increase in prices i increases in other countries — including Brazil, Peru suffered from serious inflation. Ask the students to ge parents about how prices have increased during the last interview laborers, retired people, and others to learn ab

nomic Ideas	Activities
quality of human resources are nomic growth.	3. Some students could find out the average educational attainment of citizens in the underdeveloped countries studied in activity No. 1. What percentage of the people are illiterate? Perhaps also consider other factors such as health, sanitation, and nutrition. What are the major occupations of people? What are their goals in life? Consider how the educational level and the achievement motivation of American citizens have contributed to the productivity of this country. Discuss how education in America could be made more effective.
heir productivity, business ust set aside part of current acement of capital which wears bsolete.	4. Have the class prepare a short list of equipment in various-size organizations such as a laundry, a road construction firm, an automobile manufacturer, and an aerospace manufacturer in order to observe the importance of continually providing for new, improved equipment. Students might write or visit these firms to determine their provision for depreciation and obsolescence of equipment. Consider what would have happened to production in agriculture if farmers had been unwilling to replace work horses with tractors. Role play the impact on the labor force (both on the farm and in the new tractor manufacturing industry) which resulted from this capital investment in agriculture.
ates, more income is earned than mption. The difference (savings) investment in new capital ities).	5. Have small groups of students consider why underdeveloped countries have not invested in more capital to improve their productivity and thus to raise their standard of living. Ask for recommendations on how these countries might develop faster. During reporting sessions, keep in mind the level of per-capita income, education, and "social capital" such as roads, utilities, etc., as well as government instability in many of the countries being studied. Then consider the importance of maintaining incentives for capital investment in the American economy.
place when spending increases uction. Depression results when erable drop in production, and people cannot find employment.	6. Have students compare the average increase in prices in the United States with increases in other countries — including Brazil, Peru, and Italy which have suffered from serious inflation. Ask the students to get information from their parents about how prices have increased during the last 15 years. Have students interview laborers, retired people, and others to learn about the effect of inflation.

Economic Ideas

7. Research and development has been a decisive factor in improving the technology and managerial efficiency of our economy.

Activities

(a) To demonstrate how inflation occurs, have a grou
the citizens of an entire country as in Activity N
$10 of play money to represent the country's spe
100 apples to represent GNP and have the studen
the students compute the average cost of each u
cents each)

(b) Then assume an increase in production to 150 un
and an increase in the money supply to $18 (i
money, and have the student (citizens) bid for t
the average price per unit as above. Because spe
GNP, the price per unit will have increased. (Ansv

(c) Then assume an economic depression follows
workers losing their jobs, and much uncertainty
apples and a money supply of $7.50. Hold the bi
bidders that they won't want to spend all their m
have a job next year and savings may be neede
families. The result should be difficulty in sell
further depression of the economy.

(d) Have the class explore ways to remedy the price i
depression in C. Consider changes in interest ra
levels of taxation, and special government projec
1930's.

7. Have committees of students do the following:

(a) Read about the life of Henry Ford and Eli Whit
assembly line for car production and the inte
production improved efficiency in producing not
many other items as well.

(b) Do research on the application of automation in
industry, and many other areas.

(c) Read about developments in agriculture that follo
established land-grant colleges for agricultural r
Discuss the impact of the windmill, barbed wire,
plow. How have technological developments ch
What do these changes mean to an Oklahoma
"What will I do when I grow up?"

onomic Ideas

evelopment has been a decisive roving the technology and ency of our economy.

Activities

(a) To demonstrate how inflation occurs, have a group of 10 students role play the citizens of an entire country as in Activity No. 1. Issue these students $10 of play money to represent the country's spending for a year. Then, use 100 apples to represent GNP and have the students bid for the apples. Have the students compute the average cost of each unit purchased. (Answer: 10 cents each)

(b) Then assume an increase in production to 150 units (represented by apples) and an increase in the money supply to $18 (in play money). Issue the money, and have the student (citizens) bid for the product. Then compute the average price per unit as above. Because spending increased faster than GNP, the price per unit will have increased. (Answer: 12 cents each)

(c) Then assume an economic depression follows with production falling, workers losing their jobs, and much uncertainty about the future. Issue 25 apples and a money supply of $7.50. Hold the bidding again, but warn the bidders that they won't want to spend all their money because they may not have a job next year and savings may be needed to feed and clothe their families. The result should be difficulty in selling the product and still further depression of the economy.

(d) Have the class explore ways to remedy the price inflation in B above and the depression in C. Consider changes in interest rates, availability of credit, levels of taxation, and special government projects such as the WPA in the 1930's.

7. Have committees of students do the following:

(a) Read about the life of Henry Ford and Eli Whitney to determine how the assembly line for car production and the interchangable parts for gun production improved efficiency in producing not only these two goods, but many other items as well.

(b) Do research on the application of automation in the space projects, the oil industry, and many other areas.

(c) Read about developments in agriculture that followed the Morrill Act which established land-grant colleges for agricultural research and development. Discuss the impact of the windmill, barbed wire, the reaper, and the steel plow. How have technological developments changed job requirements? What do these changes mean to an Oklahoma student who is thinking "What will I do when I grow up?"

Economic Ideas	Activities
8. Planning and effective leadership are important for the orderly and dynamic growth of cities.	8. By means of readings, and/or visiting classroom speak function of officials such as the following who coordin cities: the mayor, city manager, city planner, chamb officers of industrial development organizations, the s It should become clear that optimum city growth requi of many community leaders as well as positive supp citizens. Discuss clean-up projects; street and park improve developments (such as a mummers theatre, an art historical site) that would make a local city more Consider why these improvements have not already might be accomplished. Have the students analyze real or hypothetical cas following and recommend solutions. (a) Slowpoke Town is located in an isolated area of th main arteries of transportation and with no indus the surrounding countryside. Both population an been decreasing steadily, and most businessmen h to cover their living and business expenses. What Should local businesses, schools, and churches developing trade center? (b) Topsy City has grown with very little planning or of several hundred thousand people has difficult work because the streets are jammed with vehicle is undependable. Local industry has been thriving concern about pollution; so the streams are cont and refuse; and the air is foul with smoke, dust pa Residential housing and industrial sites are int boundaries of demarcation. The population conges to long for the "open spaces." The downtown "c vacant buildings, and the incidence of crime ha plans should have been made long ago for the orde and what can be done now?

nomic Ideas

ctive leadership are important
nd dynamic growth of cities.

Activities

8. By means of readings, and/or visiting classroom speakers, students examine the function of officials such as the following who coordinate the orderly growth of cities: the mayor, city manager, city planner, chamber of commerce personnel, officers of industrial development organizations, the school superintendent, etc. It should become clear that optimum city growth requires the cooperative efforts of many community leaders as well as positive support from the other local citizens.

   Discuss clean-up projects; street and park improvements; and/or cultural developments (such as a mummers theatre, an art museum, or a renovated historical site) that would make a local city more attractive and enjoyable. Consider why these improvements have not already been made and how they might be accomplished.

   Have the students analyze real or hypothetical case problems such as the following and recommend solutions.

   (a) Slowpoke Town is located in an isolated area of the state far away from the main arteries of transportation and with no industry other than farming in the surrounding countryside. Both population and per capita income have been decreasing steadily, and most businessmen barely earn enough money to cover their living and business expenses. What is the future of Slowpoke? Should local businesses, schools, and churches move on to a larger, developing trade center?

   (b) Topsy City has grown with very little planning or direction. The population of several hundred thousand people has difficulty in getting to and from work because the streets are jammed with vehicles and the city bus service is undependable. Local industry has been thriving for decades but with little concern about pollution; so the streams are contaminated with chemicals and refuse; and the air is foul with smoke, dust particles, and a strong odor. Residential housing and industrial sites are intermingled with no clear boundaries of demarcation. The population congestion causes many citizens to long for the "open spaces." The downtown "central city" has many old vacant buildings, and the incidence of crime has been increasing. What plans should have been made long ago for the orderly growth of Topsy City, and what can be done now?

Definition of Terms

Depression — A situation which extends over a relatively long time period when business is exceptionally slow. Main traits of the period are low prices, low pro production and high unemployment.

Economic growth — An economic condition which exists when members of communities, regi nations are steadily better able to satisfy their wants.

Gross National Product — (GNP) The money value of all goods and services produced within a country specific period of time, usually a year.

Inflation — A widespread rise in the prices of goods, services, and resources.

Underdeveloped country — A country which is not fully using the economic potential of its resources, per capita income usually is relatively low when compared to industrialized

Definition of Terms

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X. THE UNITED STATES AND THE WORLD ECONOMY

Overview

The United States is part of a world society. Over the past centuries, changes in communications and transportation systems have brought all nations closer together. Today U. S. industrialists buy raw materials from all parts of the world and sell many products to buyers in other countries. No modern advanced nation can thrive in complete isolation.

Trade among countries can be beneficial to all nations involved. Such trade fosters international specialization in production, opportunities, and rising standards of living. International trade makes available a greater quantity and variety of goods and services for the satisfaction of the wants of the people.

Trade between individuals, regions, or nations generally results from the same motivation. It pays to specialize in what you can do best and to buy from others what they can produce most efficiently. Resources are spread unevenly over the world, thus nations tend to specialize in the production of those goods and services which they can produce most efficiently. For example, Brazil specializes in the production of coffee which satisfies the wants of millions of Americans every morning; Brazilians buy corn from producers in the United States to satisfy the yearnings of their citizens for corn flakes in the morning. Specialization and exchange of goods and services among nations result in a more efficient allocation of resources.

Unfortunately, the process of international trade is somewhat more complicated than trade within a single co
mobile internationally than domestically. F
have immigration restrictions, import cont
problems in world trade arise from the fact
own money, its own central bank, and i
American producers selling corn in Brazil w
Brazilians, selling coffee in the United State
International trade is subject to more politi
trade. Businesses in both countries are s
regulations of the countries involved, an
confronted with a political crisis. World trade
and social barriers.

International trade is essential — in spi
resources are to be allocated most efficientl
people both in the U. S. and throughou
advantages of international trade should ser
generations of people to work further tow
restrictions. Among the problems to be over
(1) adjustments that would be required of t
which would have difficulty competing on a
the concern of each nation that it not becor
other countries for goods and services esse
defense.

X. THE UNITED STATES AND THE WORLD ECONOMY

Overview

part of a world society. Over the past centuries, ions and transportation systems have brought er. Today U. S. industrialists buy raw materials rld and sell many products to buyers in other dvanced nation can thrive in complete isolation.

ries can be beneficial to all nations involved. international specialization in production, g standards of living. International trade makes ntity and variety of goods and services for the ts of the people.

viduals, regions, or nations generally results n. It pays to specialize in what you can do best ers what they can produce most efficiently. nevenly over the world, thus nations tend to tion of those goods and services which they can tly. For example, Brazil specializes in the ich satisfies the wants of millions of Americans ians buy corn from producers in the United earnings of their citizens for corn flakes in the and exchange of goods and services among efficient allocation of resources.

rocess of international trade is somewhat more complicated than trade within a single country. Resources are less mobile internationally than domestically. For example, most nations have immigration restrictions, import controls, and tariffs. Special problems in world trade arise from the fact that each country has its own money, its own central bank, and its own monetary policy. American producers selling corn in Brazil want to be paid in dollars; Brazilians, selling coffee in the United States, must be paid in pesos. International trade is subject to more political controls than domestic trade. Businesses in both countries are subject to the rules and regulations of the countries involved, and many times they are confronted with a political crisis. World trade is also subject to cultural and social barriers.

International trade is essential — in spite of the difficulties — if resources are to be allocated most efficiently to satisfy the wants of people both in the U. S. and throughout the world. The many advantages of international trade should serve to challenge succeeding generations of people to work further toward the removal of trade restrictions. Among the problems to be overcome in each country are (1) adjustments that would be required of the less efficient industries which would have difficulty competing on a free world market and (2) the concern of each nation that it not become overly dependent upon other countries for goods and services essential to its own national defense.

X. THE UNITED STATES AND THE WORLD ECONOMY
Grades K—3

Economic Ideas	Activities
1. Natural resources, human resources, and capital resources vary in amount and quality from country to country.	1. For a special display have children bring to school s articles that were made in other countries. Discuss wh other countries instead of making everything in the U
2. The United States is dependent on other countries for certain products. These products are imported into our country.	2. On a large outline map of the United States, have th goods that are imported for our consumption (e.g., fo food). They can then discuss and tell stories about wh business firms in other countries. A local businessma why he sells imported goods in his retail store.
3. Many countries buy goods and services from the United States. These are *exported* from our country.	3. Have students tell or write creative stories telling wh they arrive in another country. Examples: I am a bal shoes — I am a tractor, etc.
4. All countries engaged in trade should benefit, for each country is thus motivated to produce those goods which are best suited to its own resources.	4. Arrange exhibit articles in categories of countries wh certain goods such as plaids from Scotland, silk fr coffee from Brazil, etc. Have the students explain wh producing these particular goods.
5. Without transportation to carry goods from one country to another, international trade would not be possible.	5. (a) On a large outline map of the world, have studen ships and planes carrying cargo (which could als each continent. Find how a seller in the United S in the other countries. (b) Divide the class into committees to find what ec in certain countries for international trade.

X. THE UNITED STATES AND THE WORLD ECONOMY
Grades 4—6

Economic Ideas	Activities
1. Total output of goods and services is increased if the United States and another country both specialize in producing those products for which their resources are best suited and then trade with each other.	1. Have the students study the economy of three countri make a scrapbook of information about the major pro The students will discuss or write reasons for these resources, superior technology, surplus production, growing certain crops).

X. THE UNITED STATES AND THE WORLD ECONOMY
Grades K—3

·onomic Ideas	Activities
es, human resources, and capital in amount and quality from try.	1. For a special display have children bring to school some of their toys and other articles that were made in other countries. Discuss why we buy some things from other countries instead of making everything in the United States.
tates is dependent on other ain products. These products are ur country.	2. On a large outline map of the United States, have the students place pictures of goods that are imported for our consumption (e.g., foreign cars, radios, toys, and food). They can then discuss and tell stories about why we buy these things from business firms in other countries. A local businessman might be asked to explain why he sells imported goods in his retail store.
buy goods and services from the These are *exported* from our	3. Have students tell or write creative stories telling what happens to exports when they arrive in another country. Examples: I am a bale of cotton — I am a pair of shoes — I am a tractor, etc.
gaged in trade should benefit, for thus motivated to produce those best suited to its own resources.	4. Arrange exhibit articles in categories of countries which specialize in producing certain goods such as plaids from Scotland, silk from Japan, lace from Italy, coffee from Brazil, etc. Have the students explain why the countries specialize in producing these particular goods.
ortation to carry goods from one ner, international trade would not	5. (a) On a large outline map of the world, have students paste or draw pictures of ships and planes carrying cargo (which could also be identified) to and from each continent. Find how a seller in the United States would contact buyers in the other countries. (b) Divide the class into committees to find what economic goods are produced in certain countries for international trade.

X. THE UNITED STATES AND THE WORLD ECONOMY
Grades 4—6

Economic Ideas	Activities
goods and services is increased if ates and another country both ducing those products for which re best suited and then trade with	1. Have the students study the economy of three countries other than the U. S. and make a scrapbook of information about the major products the countries export. The students will discuss or write reasons for these exports (e.g., abundance of resources, superior technology, surplus production, and/or suitable climate for growing certain crops).

Economic Ideas	Activities
2. International trade is a two-way exchange consisting of both imports and exports.	2. Have students make pictographs showing the exports Role play the importing of watches from Switzerland cotton, and petroleum to that country.
3. Access to foreign currency evolves from international trade. From its exports, the United States obtains foreign currency to pay for its imports. Similarly, it is from their exports of goods to the United States that other countries obtain U.S. dollars to pay for goods they buy from us. Sellers in each nation prefer to be paid in their own country's domestic currency.	3. Have a local businessman explain procedures he follo buyers in other countries and how he is paid in Americar
4. The flow of investment by American businessmen to both the developed and underdeveloped countries has increased rapidly in recent years.	4. Ask students to research American developments in and find out how these investments (e.g., in new oil enterprises) affect our own economy.
5. Barriers to trade may take the form of cultural and social differences as well as artificial trade barriers such as tariffs and different monetary systems.	5. Students working in pairs or committees will research differences between *modern* societies such as (a) India, (d) Peru, (e) Kenya. They will then report how these cu barriers to international trade. Have the students define *tariff* and *quota restriction* cons of these impediments to free trade among nations.

omic Ideas

e is a two-way exchange imports and exports.

n currency evolves from From its exports, the United eign currency to pay for its it is from their exports of d States that other countries to pay for goods they buy ach nation prefer to be paid in s domestic currency.

ent by American businessmen eloped and underdeveloped ased rapidly in recent years.

nay take the form of cultural ces as well as artificial trade ariffs and different monetary

Activities

2. Have students make pictographs showing the exports and imports of the U. S. Role play the importing of watches from Switzerland and the exporting of cars, cotton, and petroleum to that country.

3. Have a local businessman explain procedures he follows in selling products to buyers in other countries and how he is paid in American dollars.

4. Ask students to research American developments in underdeveloped countries and find out how these investments (e.g., in new oil fields or manufacturing enterprises) affect our own economy.

5. Students working in pairs or committees will research and contrast cultural and differences between *modern* societies such as (a) India, (b) Nigeria, (c) Indonesia, (d) Peru, (e) Kenya. They will then report how these cultural differences serve as barriers to international trade.

   Have the students define *tariff* and *quota restriction* and discuss the pros and cons of these impediments to free trade among nations.

Definition of Terms

Export — Goods, services, and resources produced by individuals and businesses of o and *sold* to residents, businesses, or governments of another nation. An o domestically produced goods and services.

Import — Goods, services, and resources produced by businesses and individuals of o and *purchased* by residents, businesses, or governments of another nation. A of foreigh produced goods and services.

Quota — Share, allotment, or limit.

Tariff — A schedule of set charges by government on goods imported or exporte United States usually only imported goods are affected.

Trade deficit — An international trade, a condition where the money value of a countr chandise imports exceed the money value of its merchandise exports for a period of time.

Definition of Terms

ort — Goods, services, and resources produced by individuals and businesses of one nation and *sold* to residents, businesses, or governments of another nation. An outflow of domestically produced goods and services.

ort — Goods, services, and resources produced by businesses and individuals of one nation and *purchased* by residents, businesses, or governments of another nation. An inflow of foreigh produced goods and services.

a — Share, allotment, or limit.

f — A schedule of set charges by government on goods imported or exported. In the United States usually only imported goods are affected.

e deficit — An international trade, a condition where the money value of a country's merchandise imports exceed the money value of its merchandise exports for a specific period of time.

SELECTED ECONOMIC EDUCATION MATERIALS IN THE ELEMENTARY SCHOOLS

The Child's World of Choices, New York: Joint Council on Economic Education, 1966.

Economic Education for Washington Schools, New York: Joint Council on Economic Education, 1966.

Economics: A Social Studies Supplement, Grade 1, rev. ed., Stillwater, Oklahoma: University Center for Economic Education, Oklahoma State University, 1971.

Economics: A Social Studies Supplement, Grade 2, rev. ed., Stillwater, Oklahoma: University Center for Economic Education, Oklahoma State University, 1971.

Economics: A Social Studies Supplement, Grade 3, rev. ed., Stillwater, Oklahoma: University Center for Economic Education, Oklahoma State University, 1971.

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Economic Education for Washington Schools, New York: Joint Council on Economic Education, 1966.

Economics: A Social Studies Supplement, Grade 4, rev. ed., Stillwater, Oklahoma: University Center for Economic Education, Oklahoma State University, 1971.

Economics: A Social Studies Supplement, Grade 5, rev. ed., Stillwater, Oklahoma: University Center for Economic Education, Oklahoma State University, 1971.

Economics: A Social Studies Supplement, Grade 6, rev. ed., Stillwater, Oklahoma: University Center for Economic Education, Oklahoma State University, 1971.

Economics, A Social Studies Supplement, Florida: Dade County Public Schools, 1

Elementary School Economics, I and II, Education Council, 1964.

Rossomando, Frederic, *et. al., Earning Mon* Watts, Inc., 1967.

Rossomando, Frederic, *et. al., Spending Mon* Watts, Inc., 1967.

Senesh, Lawrence, *Our Working World: Ci* Science Research Associates, Inc., 1967.

Senesh, Lawrence, *Our Working World: Fam* Science Research Associates, Inc., 1964.

Senesh, Lawrence, *Our Working World: Neigh* Science Research Associates, Inc., 1965.

Maher, John E., and S. Stowell Symmes, *Idea* York: Franklin Watts, Inc., 1969.

Maher, John E., and S. Stowell Symmes, *Ideas* New York: Franklin Watts, Inc., 1969.

Maher, John E., and S. Stowell Symmes, *Working for You*, New York: Franklin Wa

Wilson W. Harmon, and Roman F. Warmke, Glenview, Illinois: Scott, Foresman and

MANY OTHER MATERIALS AND OTHER FORMS OF ASSISTANCE ARE AVAILABLE FROM FOREGOING ORGANIZATIONS. TEACHERS ARE ALSO ENCOURAGED TO CONSULT THE FOLLOW

Curriculum Director and Economic Education supervisor in the State Department of Education, Lincoln Plaza, 4545 N. Lincoln Blvd., Oklahoma City, Okla. 73105; the Education Director for the State Department of Consumer Affairs, 3033 N. Walnut, East Bldg., Rm. 213, Oklahoma City, Okla. 73105; the Executive Director, Oklahoma Council on Economic Education, College of Business Administration, Oklahoma State University, Stillwater, Okla. 74074. (Also information about sources of assistance from other organizations too numerous to list here can be provided by the Oklahoma Council) Educators are encouraged to review new social studies textbooks such as the new Taba series published by Addison-Wesley Company.

SELECTED ECONOMIC EDUCATION MATERIALS IN THE ELEMENTARY SCHOOLS

oices, New York: Joint Council on Economic

Washington Schools, New York: Joint Council tion, 1966.

dies Supplement, Grade 1, rev. ed., Stillwater, ty Center for Economic Education, Oklahoma 71.

dies Supplement, Grade 2, rev. ed., Stillwater, ty Center for Economic Education, Oklahoma 71.

dies Supplement, Grade 3, rev. ed., Stillwater, ty Center for Economic Education, Oklahoma 71.

Studies Supplement, Bulletin 9-H, Miami, ty Public Schools, 1968.

Washington Schools, New York: Joint Council tion, 1966.

dies Supplement, Grade 4, rev. ed., Stillwater, ty Center for Economic Education, Oklahoma 71.

dies Supplement, Grade 5, rev. ed., Stillwater, ty Center for Economic Education, Oklahoma 71.

dies Supplement, Grade 6, rev. ed., Stillwater, ty Center for Economic Education, Oklahoma 71.

Economics, A Social Studies Supplement, Bulletin 9-H, Miami, Florida: Dade County Public Schools, 1968.

Elementary School Economics, I and II, Galien, Michigan: Allied Education Council, 1964.

Rossomando, Frederic, *et. al.*, *Earning Money*, New York: Franklin Watts, Inc., 1967.

Rossomando, Frederic, *et. al.*, *Spending Money*, New York: Franklin Watts, Inc., 1967.

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Maher, John E., and S. Stowell Symmes, *Ideas About Choosing*, New York: Franklin Watts, Inc., 1969.

Maher, John E., and S. Stowell Symmes, *Ideas About Others and You*, New York: Franklin Watts, Inc., 1969.

Maher, John E., and S. Stowell Symmes, *Learning About People Working for You*, New York: Franklin Watts, Inc., 1969.

Wilson W. Harmon, and Roman F. Warmke, *Life on Paradise Island*, Glenview, Illinois: Scott, Foresman and Company, 1970.

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ECONOMIC EDUCATION

K—12

SECONDARY LEVEL

ECONOMIC EDUCATION
SECONDARY LEVEL

The understanding of economic concepts introduced in the elementary grades should be expanded at the secondary level. The maturity of the students makes it possible to introduce new concepts and to build on the foundation established during the elementary grades. This can be done by giving students an opportunity to apply these concepts in the various courses in social studies and business education.

The format is similar to that used in the primary grades. One exception is the necessary limitation of the scope of the material in each subject area. The brief presentation of economic ideas and related activities are limited in number and scope; but it is hoped the guide will give some orientation for teaching a few economic concepts in a meaningful way. Other ideas and activities may be adapted from the elementary guide, which is arranged by topic, and from the social studies and business education activities in areas other than the one in which you are teaching. Economic definitions and selected references are found at the end of each of the subject matter areas. A general reference of materials with economic content for the secondary level is at the end of the publication along with a general glossary.

OKLAHOMA HISTORY

Overview

Economic growth is an increase in the production and consumption of goods and services over a period of time. Such growth in Oklahoma, or any other state, is facilitated by three ingredients: natural, human, and capital resources. These ingredients, which are necessary for "take off" into sustained economic growth depend on two primary catalysts: the efforts of entrepreneurs and the actions taken by governments. Continued economic growth in Oklahoma must be considered in terms of how the quality of the environment can be maintained or improved while production increases.

Natural Resources. Raw materials and sources of energy can be categorized as natural resources. Soil has been one of Oklahoma's most important natural resources throughout our state's history, and agricultural production will remain important. Industry has grown from Oklahoma's rich supply of energy resources — petroleum, natural gas, and coal. Additional electrical energy is being developed as a part of the Arkansas River Basin Project. Also, this inland waterway will provide economical water transportation for raw materials and final goods. Other natural resources of Oklahoma include metals, minerals, forests, water resources, and the temperate climate. How well Oklahomans utilized these resources in the past has influenced the state's present economy. How efficiently we conserve and use these resources today will affect Oklahoma's future well-being.

Human Resources. If one ingredient of gr most important one, human resources must are the power behind an economy. Man, c must make decisions on the use of natural r resources to build or maintain economic well made by the individual, but these decision the conditions in the economy. Oklahoman laborers, and entrepreneurs determine the and its future growth or stagnation. How Ok various roles depends largely on their lev health, and their achievement motivation.

Capital Resources. Tools, equipment, an goods which help produce final consumer g goods play a very important role in economic to the growth process is the development of s transportation, communication, health, a Capital goods may be owned by either the Capital formation depends on savings. Sa retained profits by businesses are the primar replacing or adding to the stock of ca accumulate capital through savings, adequa needed. Higher income and profits depend

OKLAHOMA HISTORY

Overview

an increase in the production and consumption er a period of time. Such growth in Oklahoma, cilitated by three ingredients: natural, human, nese ingredients, which are necessary for "take omic growth depend on two primary catalysts: eurs and the actions taken by governments. wth in Oklahoma must be considered in terms e environment can be maintained or improved ses.

Raw materials and sources of energy can be sources. Soil has been one of Oklahoma's most ources throughout our state's history, and will remain important. Industry has grown pply of energy resources — petroleum, natural l electrical energy is being developed as a part Basin Project. Also, this inland waterway will er transportation for raw materials and final sources of Oklahoma include metals, minerals, es, and the temperate climate. How well ese resources in the past has influenced the . How efficiently we conserve and use these fect Oklahoma's future well-being.

Human Resources. If one ingredient of growth can be considered *the* most important one, human resources must be that ingredient. People are the power behind an economy Man, collectively or individually, must make decisions on the use of natural resources and create capital resources to build or maintain economic well-being. Career decisions are made by the individual, but these decisions affect and are affected by the conditions in the economy. Oklahomans as consumers, investors, laborers, and entrepreneurs determine the character of our economy and its future growth or stagnation. How Oklahomans function in these various roles depends largely on their levels of education, state of health, and their achievement motivation.

Capital Resources. Tools, equipment, and facilities are the capital goods which help produce final consumer goods and services. Capital goods play a very important role in economic growth. Especially critical to the growth process is the development of supporting services such as transportation, communication, health, and educational facilities. Capital goods may be owned by either the private or public sectors. Capital formation depends on savings. Savings by individuals and retained profits by businesses are the primary sources of investment for replacing or adding to the stock of capital goods. In order to accumulate capital through savings, adequate incomes and profits are needed. Higher income and profits depend on increased productivity;

and to get increased productivity, better machines and tools are needed. This equipment requires more capital which requires more saving. Consequently, it is difficult to enter the growth cycle with low incomes and profits.

. . **Catalysts of Growth.** Entrepreneurs are the catalysts who initiate and sustain economic growth. The entrepreneur strives to use our resources most efficiently in the productive process. The possibility of making a profit motivates the private entrepreneur to seek new methods of resource use and to create new products to satisfy the wants of people. Entrepreneurs are found in government as well as in private industry. The state of Oklahoma has benefited from such entrepreneurs as Bernard La Harpe, E. W. Marland, and Robert S. Kerr, all of whom have fostered the economic growth of the state. Different levels of government use tax money to provide for the necessary education and other public services. Through regulatory a government creates a climate of workable c opportunity. Government officials at both l give strong support to economic developme

. . **Growth and Quality of Environment.** In economic growth on the environment, one can not be beneficial. Although air pollution is n Oklahoma, certain industrialized areas are a air pollution are important problems to res industrializes during the next decade. If app now to regulate and plan for future econom excellent quality of Oklahoma's environme future generations.

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W. Marland, and Robert S. Kerr, all of whom
mic growth of the state. Different levels of
ey to provide for the necessary education and

other public services. Through regulatory agencies and courts, the government creates a climate of workable competition and equitable opportunity. Government officials at both the state and local levels give strong support to economic development projects.

. . **Growth and Quality of Environment.** In examining the effect of economic growth on the environment, one can see that all growth may not be beneficial. Although air pollution is not a statewide problem in Oklahoma, certain industrialized areas are affected. Food, water, and air pollution are important problems to resolve as the state rapidly industrializes during the next decade. If appropriate steps are taken now to regulate and plan for future economic growth, the generally excellent quality of Oklahoma's environment can be preserved for future generations.

OKLAHOMA HISTORY

Natural Resources

Economic Ideas	Activities
1. People's wants change as new resources are discovered or developed.	1. Each student should list five items his family owns c then compare this list with a list of five wants of a trib 1800's and with a list of five items a frontier family Oklahoma's territorial days (1889-1907). The teacher fact that the wealth of a community or a state and t people de[illegible]nd upon the availability of the resources w new manufacturing and service industries have been e expanding wants of people and how these new jobs h raise their standard of living.
2. The availability of natural resources influences the location of industries and, therefore, the location and development of cities.	2. Students may make a number of transparencies or pos map. Different maps can indicate water resources, m various soil types, average annual precipitation, m cities. Students should compare the location of resou discover relationships. The Arkansas River Project pected effect on the Oklahoma economy should also possible results of moving water from the southeast parched farmland in the west. Would there be new development in the west?
3. The efficient use of natural resources requires both technical knowledge and conservation practices.	3. Divide the class into two groups and provide them certain natural resources. One group will find developments; e.g., new uses for oil by-products, whi use of our natural resources. The other group should practices have been utilized in Oklahoma to bring natural resources; e.g., contour farming and spacing should then report their findings to each other; pict type of visual aid will make oral presentations more in

OKLAHOMA HISTORY

Natural Resources

mic Ideas	Activities
nge as new resources are oped.	1. Each student should list five items his family owns or wishes to own. He should then compare this list with a list of five wants of a tribal Indian family in the early 1800's and with a list of five items a frontier family might have wanted during Oklahoma's territorial days (1889-1907). The teacher should call attention to the fact that the wealth of a community or a state and the standard of living of its people depend upon the availability of the resources within the area. Discuss how new manufacturing and service industries have been established to serve the ever expanding wants of people and how these new jobs have enabled Oklahomans to raise their standard of living.
natural resources influences dustries and, therefore, the pment of cities.	2. Students may make a number of transparencies or posters of an Oklahoma outline map. Different maps can indicate water resources, minerals, principal oil fields, various soil types, average annual precipitation, major industries, and major cities. Students should compare the location of resources, industries and cities to discover relationships. The Arkansas River Project can be mapped and its expected effect on the Oklahoma economy should also be discussed. Consider the possible results of moving water from the southeastern part of the state to the parched farmland in the west. Would there be new opportunities for industrial development in the west?
natural resources requires owledge and conservation	3. Divide the class into two groups and provide them with reference materials on certain natural resources. One group will find examples of technological developments; e.g., new uses for oil by-products, which have led to more efficient use of our natural resources. The other group should discover what conservation practices have been utilized in Oklahoma to bring about more efficient use of natural resources; e.g., contour farming and spacing of oil wells. The two groups should then report their findings to each other; pictures, charts, or some other type of visual aid will make oral presentations more interesting.

Human Resources

Economic Ideas

1. One of the most important characteristics of human resources is the level of education, because this factor greatly influences the productivity of people.

2. The rural-to-urban shift of human resources is a result of changing technology. With the need for fewer workers on farms, ranches, and in oil fields, an increasing number of people have moved into towns and cities and have developed new skills.

3. Freedom of enterprise in America permits each person to select career(s) which he considers most rewarding to himself. However, a satisfactory matching of individual skills with occupational requirements is essential.

Activities

1. Students should compare the education of Oklahomans
compare the current state of economic development in
the point that education is an investment in human re
of education in Oklahoma today with the level 40 y
implications for economic development. How do we c

2. a. From 1930 to 1960, forty-four Oklahoma count
their population, and ten lost more than half. As
this happened. After some discussion, the stu
displacement of farm labor by machines and
reduced the number of jobs available in rural are

   b. In the early days of migration to urban areas,
unskilled jobs or receive on-the-job training. W
for rural youth today? Provide students with
schools, Manpower and Development Training
dustry-training programs and college as ways
today's demand for labor. Students should
retraining are necessary to adjust to changing

3. a. Provide each student with a copy of "Career Dec
of this unit). Divide the class into three gr
responsible for solving the career problems of tw
in the handout. The groups will analyze how th
be affected by conditions in the economy. Ha
conclusion by role playing counselor-student a

   b. Survey the class to determine the main occupati
Career Day and ask various community resou
terested student groups about specific careers

Human Resources

nomic Ideas

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farms, ranches, and in oil fields,
ıber of people have moved into
ınd have developed new skills.

prise in America permits each
ıreer(s) which he considers most
ıself. However, a satisfactory
vidual skills with occupational
ssential.

Activities

1. Students should compare the education of Oklahomans with that of Alaskans and compare the current state of economic development in the two states. Emphasize the point that education is an investment in human resources. Compare the level of education in Oklahoma today with the level 40 years ago and consider the implications for economic development. How do we compare with other states?

2. a. From 1930 to 1960, forty-four Oklahoma counties lost at least a third of their population, and ten lost more than half. Ask students why they think this happened. After some discussion, the students should discover that displacement of farm labor by machines and improved technology has reduced the number of jobs available in rural areas.

   b. In the early days of migration to urban areas, rural workers had to take unskilled jobs or receive on-the-job training. What job opportunities exist for rural youth today? Provide students with information on vocational schools, Manpower and Development Training Act programs, other industry-training programs and college as ways to develop skills to meet today's demand for labor. Students should realize that training and retraining are necessary to adjust to changing occupational requirements.

3. a. Provide each student with a copy of "Career Decisions," (see page 71 at end of this unit). Divide the class into three groups. Each group will be responsible for solving the career problems of two of the students mentioned in the handout. The groups will analyze how their decisions will affect and be affected by conditions in the economy. Have the groups report their conclusion by role playing counselor-student advisement.

   b. Survey the class to determine the main occupational interests. Then, plan a Career Day and ask various community resource persons to talk with interested student groups about specific careers.

Economic Ideas	Activities
	c. A job information bureau can be set up. Stude from various sources on job qualifications Oklahoma. Learning to gather such information rational, meaningful career decisions.
	d. Compare occupations in Oklahoma today and time of statehood.
	Capital Resources
1. The amount of capital resources available at any given time will greatly affect the level of economic growth.	1. Students may discuss whether each of the following i consumer good or service: a. pickup truck used for family recreation b. airport terminal building c. gasoline pumps d. movie theater e. pickup truck used by a cattle rancher to haul cow f. bike for delivering papers g. chair in which you are sitting h. chair in your living room at home i. streets and highways Letters b, c, d, f, and i are capital goods because they p e and g are capital goods because they help in producir and an educated person. Items a and e illustrate that either as a capital good or a consumer good. (Capital other goods or services; whereas consumer goods are final process of consumption.)
2. Transportation, communication, health and education facilities are necessary for the economic growth of Oklahoma.	2. Ask students to interview knowledgeable people asso railroads, the telephone company, a county health administration about how their respective organizatio economic growth of Oklahoma. Then have the stude interviews. The discussion should point up the in represented by these organizations as well as thei problems, and opportunities in serving the Oklahom

nomic Ideas

pital resources available at any atly affect the level of economic

communication, health and are necessary for the economic ma.

Activities

c. A job information bureau can be set up. Students can gather information from various sources on job qualifications and job opportunities in Oklahoma. Learning to gather such information should help students make rational, meaningful career decisions.

d. Compare occupations in Oklahoma today and those which existed at the time of statehood.

Capital Resources

1. Students may discuss whether each of the following items is a capital good or a consumer good or service:
   a. pickup truck used for family recreation
   b. airport terminal building
   c. gasoline pumps
   d. movie theater
   e. pickup truck used by a cattle rancher to haul cows and calves to market
   f. bike for delivering papers
   g. chair in which you are sitting
   h. chair in your living room at home
   i. streets and highways

   Letters b, c, d, f, and i are capital goods because they produce a consumer service; e and g are capital goods because they help in producing a final product; i.e., beef and an educated person. Items a and e illustrate that a pickup truck may be used either as a capital good or a consumer good. (Capital goods are used to produce other goods or services; whereas consumer goods are used by individuals in the final process of consumption.)

2. Ask students to interview knowledgeable people associated with trucking firms, railroads, the telephone company, a county health center, and public school administration about how their respective organizations have contributed to the economic growth of Oklahoma. Then have the students report by role playing interviews. The discussion should point up the importance of the facilities represented by these organizations as well as their major accomplishments, problems, and opportunities in serving the Oklahoma economy.

Economic Ideas	Activities
3. Capital formation depends on savings. Growth is retarded during periods of low income when adequate investment funds are not available because of a limited ability to save. The amount of capital goods available for the production of consumer goods and services varies among the different cities and regions of Oklahoma.	3. a. Invite a local businessman or industrial leader t savings and investment to the growth of his own b. Provide per capita income figures for 3 to 5 c assigned readings have students list economic a counties which would explain their differences in
	Catalysts of Growth
1. An entrepreneur strives to combine land, labor, and capital resources to produce goods and services most efficiently. The private entrepreneur seeks a profit for his risk, but he may suffer a loss instead.	1. Present the students with an imaginary stack of lu sugar, ice, spoons, glasses, pitchers, hammers, and a want to work. Ask what they need to create a lemona consider the profit-making probability of such a st Observe the flow of traffic and predict the type of cus Then, involve the class in planning a new business personnel to staff the new facility. After the student them to write a definition of an "entrepreneur."
2. An entrepreneur may be in "business for himself," a partner in a firm, or on the management team in a corporation. Government officials can make invaluable contributions to entrepreneurship through public programs promoting economic development.	2. Through interviews and/or library study, the stude with past Oklahoma entrepreneurs and the natu example, consider Bernard La Harpe (1700's), the and Frank Phillips (since statehood). Have students W. Marland and Robert S. Kerr as entrepreneurs i officials utilizing their entrepreneurial skills in the pu

ıomic Ideas

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a firm, or on the management
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le contributions to en-
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ic development.

Activities

3. a. Invite a local businessman or industrial leader to explain the importance of savings and investment to the growth of his own enterprise.

   b. Provide per capita income figures for 3 to 5 counties in the state. From assigned readings have students list economic and education factors in these counties which would explain their differences in per capita income.

Catalysts of Growth

1. Present the students with an imaginary stack of lumber, nails, lemons, water, sugar, ice, spoons, glasses, pitchers, hammers, and a little brother and sister who want to work. Ask what they need to create a lemonade stand? Have the students consider the profit-making probability of such a stand at a particular location. Observe the flow of traffic and predict the type of customer who would be served. Then, involve the class in planning a new business including the recruitment of personnel to staff the new facility. After the students complete the activity, ask them to write a definition of an "entrepreneur."

2. Through interviews and/or library study, the students may become acquainted with past Oklahoma entrepreneurs and the nature of their enterprises. For example, consider Bernard La Harpe (1700's), the Chouteau brothers (1800's), and Frank Phillips (since statehood). Have students research achievements of E. W. Marland and Robert S. Kerr as entrepreneurs in the private sector and as officials utilizing their entrepreneurial skills in the public sector.

Economic Ideas	Activities
3. Entrepreneurs are essential for the economic development and growth of every community.	3. Who are the local community entrepreneurs? Make a c for past and present entrepreneurs in your communit trepreneurs to the classroom to discuss future plans for
4. Governments buy goods and services from individuals and from businesses. Purchases of goods and services are a cost to government and income to certain individuals.	4. Have a committee of students from the class conduct a determine how many students' parents are employed by state, or federal government. Through class discussi derstand the effect of government spending on the budgets were reduced by 1/5 this year, how would sel ment be affected?
5. Government funds used to stimulate economic growth are derived from taxes such as the following: income tax, excise tax, ad valorem tax, and sales tax.	5. Prepare bulletin boards showing the major types of tax on the city, county, state, and federal level.
6. Different levels of government engage in various regulatory practices to provide for the general welfare.	6. Secure for the class supplementary information on va Ask students to investigate and report on the role of th general welfare, protecting consumers, or performing goods which might not otherwise be produced. Consi restrictions might impede the initiative of entrepren
Growth and Quality of Environment	
1. Economic growth is limited by the available resources and existing technology which may temporarily set upper limits to the economic growth of any city, state, or nation.	1. Economic growth means that the average Oklahoman goods and services, thus having an increasingly higher desirable to have unchecked economic growth? Why students discuss. To aid them in their discussion, the f be incorporated: a. Is it possible to "run out" of natural resources? resources? b. Could economic growth continue if all of the pre resources were "used up"? What about discovery or the development of synthetic replacements?

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sting technology which may
per limits to the economic
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Activities

3. Who are the local community entrepreneurs? Make a classroom "Hall of Fame" for past and present entrepreneurs in your community. Invite one of these entrepreneurs to the classroom to discuss future plans for growth of the community.

4. Have a committee of students from the class conduct a survey in your building to determine how many students' parents are employed by or sell to the city, county, state, or federal government. Through class discussion, the students may understand the effect of government spending on the local economy. If county budgets were reduced by 1/5 this year, how would sellers to the county government be affected?

5. Prepare bulletin boards showing the major types of taxes received and their uses on the city, county, state, and federal level.

6. Secure for the class supplementary information on various regulatory agencies. Ask students to investigate and report on the role of these agencies in promoting general welfare, protecting consumers, or performing services and providing goods which might not otherwise be produced. Consider to what extent these restrictions might impede the initiative of entrepreneurs.

Growth and Quality of Environment

1. Economic growth means that the average Oklahoman will be able to buy more goods and services, thus having an increasingly higher standard of living. Is it desirable to have unchecked economic growth? Why or why not? Have the students discuss. To aid them in their discussion, the following questions might be incorporated:
   a. Is it possible to "run out" of natural resources? capital resources? human resources?
   b. Could economic growth continue if all of the presently discovered natural resources were "used up"? What about discovery of new natural resources, or the development of synthetic replacements?

Economic Ideas	Activities
2. Unregulated growth in Oklahoma can have detrimental effects on the environment.	2. How can producing more goods and services have bad ef the significance of this question, students should view a field trip which would illustrate various adverse effects the Oklahoma environment. The class should be able t following questions: How can economic growth adversel cities? man?
3. Improving the quality of environment is difficult and complex; solving one problem may create others.	3. Have the class propose solutions to the problems studi They should select two or three problems to be analyz Each committee should define and analyze an existing and explore alternative corrective policies that can b committees should list the consequences of their propos if a group wants to reduce immediately all the adverse ef they should understand that such an action would lead t and poverty. Consider the many advantages of recyclin so that basic raw materials can be reused. Why isn't r practice?

Definition of Terms

Economic growth — An economic condition which exists when a nation is steadily better able to s its wants by increasing the level of per capita GNP; is prompted by increa ficiency or increased resource utilization or both.

Entrepreneur — The businessman who not only has the know-how of combining resources to p goods and services but also is willing to risk making either a profit or loss.

Productivity — The amount of goods and services made by a producer in a given period o usually measured in output per man-hour.

nomic Ideas

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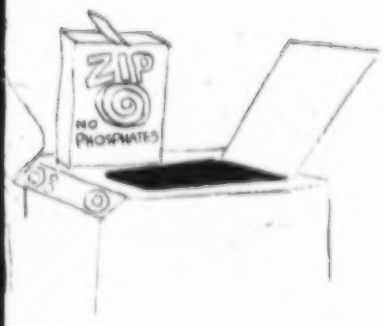

Activities

2. How can producing more goods and services have bad effects? In order to explain the significance of this question, students should view a film or pictures or take a field trip which would illustrate various adverse effects of certain production on the Oklahoma environment. The class should be able to answer and discuss the following questions: How can economic growth adversely affect air? water? land? cities? man?

3. Have the class propose solutions to the problems studied in the above activity. They should select two or three problems to be analyzed by small committees. Each committee should define and analyze an existing problem, state the goals, and explore alternative corrective policies that can be put into practice. The committees should list the consequences of their proposed solution. For example, if a group wants to reduce immediately all the adverse effects of economic growth, they should understand that such an action would lead to extreme unemployment and poverty. Consider the many advantages of recycling tin cans, car bodies, etc., so that basic raw materials can be reused. Why isn't recycling a more common practice?

Definition of Terms

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CAREER DECISIONS

The Career Day Assembly at Oklahoma High School is in progress. The guest speaker declares that opportunity is knocking at the door. However, the students aren't actually "turned on" by his speech. Most students are concerned about their future and what career they should choose, but the speech doesn't really seem to be helping them decide what to do. At least six students are daydreaming about their personal problems concerning their career decisions.

Phil G. can't decide if it is really worth the trouble to finish high school. His grades are low. He doesn't like school; and his parents don't seem to care whether he does well in school. Phil knows people say dropouts don't make as much money as graduates; but he knows he could go to work right now at his uncle's auto repair shop. He could make money and work on cars — something he really likes to do. Should he bother to finish school? Why or why not?

Jan K. plans to get married two years after she graduates when her fiancé gets out of the service. She considers her future career to be that of a wife and a mother. Would it be worth the time, effort, and money to get more training of some kind after high school when she doesn't plan to work after she gets married? Should she enter the labor market? If so, what kind of work could she do without more training?

Mike R. is star pitcher for the school baseball team. He has hopes of becoming a professional ballplayer in the major leagues. Mike has received a couple of small offers from minor league clubs. He knows the chances of making it out of the minor leagues are small. Should he place all of his hopes on joining the major leagues or should he also plan for a "second career" in another field? Why?

Jim C., a black student, thinks school is OK — he just doesn't see much point in it sometimes. His brother graduated from high school two years ago and hasn't found a job yet, eve average grades. Maybe if he got more traini school he could get a good job. Jim does counselor told him there is a need for good dr high. He could go to the new regional vocati fact, he could start training before he gets ou he wonders if some of his brother's militant racial discrimination should be fought with

Sue B. wonders if sex discrimination would a to be an architect, but she realizes few wom reach her goal she believes she should take co to college and specialize in architecture. Her take business courses, particularly shorthand graduates from high school and college sh teach. She wonders if there really is sex disc in professions and business, or if there just qualified for such positions. Should she en prep courses next year? Why or why not?

Bill T. would like to be a doctor, but pre-med eight more years of school and cost a lot of m and the rigorous training, he's not sure he cou to take to get into medical school and to be not worth all the time and effort. Even if he takes years to build up a clientele if he becon Perhaps he'll become a specialist in some ar medical center. However, competition is stiff try for a career with so many "ifs" in it?

CAREER DECISIONS

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His brother graduated from high school two years ago and hasn't found a job yet, even though he made above-average grades. Maybe if he got more training in something after high school he could get a good job. Jim does well in drafting class. His counselor told him there is a need for good draftsmen and the wages are high. He could go to the new regional vocational school for training. In fact, he could start training before he gets out of high school. However, he wonders if some of his brother's militant friends are right — maybe racial discrimination should be fought with fists. What do you think?

Sue B. wonders if sex discrimination would affect her career. She wants to be an architect, but she realizes few women hold such positions. To reach her goal she believes she should take college prep courses, then go to college and specialize in architecture. Her parents tell her she should take business courses, particularly shorthand and typing; for when she graduates from high school and college she can get an office job or teach. She wonders if there really is sex discrimination against women in professions and business, or if there just aren't very many women qualified for such positions. Should she enroll in business or college prep courses next year? Why or why not?

Bill T. would like to be a doctor, but pre-med and medical schools mean eight more years of school and cost a lot of money. Besides the expense and the rigorous training, he's not sure he could pass the exams one has to take to get into medical school and to become a doctor. Maybe it's not worth all the time and effort. Even if he did pass all the exams, it takes years to build up a clientele if he becomes a general practitioner. Perhaps he'll become a specialist in some area and be asked to join a medical center. However, competition is stiff in this area too. Should he try for a career with so many "ifs" in it?

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WORLD GEOGRAPHY

Overview

The City as an Economic System. As modern society has grown more complex, man has become more specialized in the production of goods and services. This increasing specialization has caused increasing numbers of people to move to the city. Cities have offered efficient and varied opportunities for the production, distribution, and consumption of goods and services. However, many of the older cities are now finding that the social and economic costs of urbanization can exceed the benefits. The problems of overcrowding and inadequate public services are particularly acute in the larger metropolitan cities of the world where pollution, congestion, poverty, and physical obsolescence are all too common.

Cities compete with each other at the local, state, regional, national, and international levels. Throughout history the great cities of the world have become major centers of business, trade, and culture; and the world's great metropolitan cities now function within a complex system of money, prices, and markets. Economic activity stems from the city's economic base which includes the type of manufacturing, trade, and commerce that is concentrated there. The quality and quantity of available human, natural, and capital resources — including access to reliable markets — will largely determine the scope of a city's economic base of manufacturing, commerce, and external trade. Given the requisite location and resour development, the future of a city will depend of all its people to recognize and resolve prob make their own image of the "ideal city" a re

Trade Among Nations. Geographic regio seek optimum development of their partic capital resources. As nations of the world ha economic resources, considerable increases sumption have resulted when nations wh specialize in the type of production they ca **comparative advantage,** (the basis or ration states that world production is maximized w resources to producing those goods and se greatest relative advantage when compare

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Given the requisite location and resource base for growth and development, the future of a city will depend upon the concerted efforts of all its people to recognize and resolve problems and work together to make their own image of the "ideal city" a reality.

Trade Among Nations. Geographic regions and nations, like cities, seek optimum development of their particular human, natural, and capital resources. As nations of the world have unequal distributions of economic resources, considerable increases in productivity and consumption have resulted when nations who trade with each other specialize in the type of production they can each do best. The **law of comparative advantage,** (the basis or rationale for international trade) states that world production is maximized when each nation devotes its resources to producing those goods and services for which it has the greatest relative advantage when compared with other nations.

If we consider free trade in this framework, there can be little objection to it although absolutely free trade seldom exists. Those who oppose the free trade concept are not without their reasons, although some may not be completely valid. Among the reasons given by protectionists for interfering with the free flow of trade are need for a "favorable balance of trade," requirements of national defense, and

protection of infant industries. The major trade barriers advocated by protectionists are tariffs and quotas, although other devices are also used.

If the United States were to drastically increase the level of tariffs and quotas, many problems would be created. Substitutes for some products Americans now want and enjoy would have to be found. More money would have to be spent to produce those goods and services that could be imported at less cost. The economy of countries depending on American trade would be impaired by their not being able to earn foreign exchange to pay for purchses from the United States. Our exports to those nations would be correspo

International trade requires the exchan exporters would expect to be paid in French in British pounds, and Japanese exporters i cannot obtain our dollars, they cannot buy A sales overseas will be reduced. Therefore, inte carried on effectively unless there is stability markets. The International Monetary Fund War II to provide such stability.

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International trade requires the exchange of currencies; French exporters would expect to be paid in French francs, English exporters in British pounds, and Japanese exporters in yen. If these exporters cannot obtain our dollars, they cannot buy American goods; and our sales overseas will be reduced. Therefore, international trade cannot be carried on effectively unless there is stability in the foreign exchange markets. The International Monetary Fund was created after World War II to provide such stability.

WORLD GEOGRAPHY

The City as an Economic System

Economic Ideas	Activities
1. All cities have an economic base.	1. Have students explore the reasons why cities often ha as Oil City, Wheat City, Cow Town, University City, S
2. The economic base of any city may change over time.	2. Have the students investigate the factors that led to their town or a nearby city and a metropolitan area country. After these two cities have been selected, th committees to investigate specific location and growt and report to the class. One committee can compare the cities, when founded, with their economic bases toda compare the kinds of transportation available for the founded, with the types of transportation available report on similarities and differences in the geograph areas. For example, one of the early cities might origin easily defended point; or raw materials in the vicini flowing stream for water power or nearby coal or oil caused the city to be located at its present site. After the committees have reported, the class can di were the most important in the location of the respecti factors which are important today.
3. Cities often locate near sources of power or near natural resources.	3. Divide the class into several committees. Let manufacturing city of comparable size in the following (1) Oklahoma, (2) some other state, and (3) a foreig determine whether these cities were located at their p near sources of power or near natural resources. Consid have been important.

WORLD GEOGRAPHY

The City as an Economic System

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e near sources of power or near
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Activities

1. Have students explore the reasons why cities often have product nicknames such as Oil City, Wheat City, Cow Town, University City, Steel City, Space City.

2. Have the students investigate the factors that led to the location and growth of their town or a nearby city and a metropolitan area of similar size in a foreign country. After these two cities have been selected, the class can be divided into committees to investigate specific location and growth factors of the two cities and report to the class. One committee can compare the economic bases of the two cities, when founded, with their economic bases today. Another committee can compare the kinds of transportation available for the two cities, when they were founded, with the types of transportation available today. A third group can report on similarities and differences in the geography of the two metropolitan areas. For example, one of the early cities might originally have been a fort, or an easily defended point; or raw materials in the vicinity combined with a swift-flowing stream for water power or nearby coal or oil fields for fuel might have caused the city to be located at its present site.

   After the committees have reported, the class can discuss those factors which were the most important in the location of the respective cities and those original factors which are important today.

3. Divide the class into several committees. Let each committee select a manufacturing city of comparable size in the following locations:
   (1) Oklahoma, (2) some other state, and (3) a foreign country. Let the group determine whether these cities were located at their present site primarily to be near sources of power or near natural resources. Consider other features that may have been important.

Economic Ideas	Activities
4. Cities need an adequate transportation system in order to move economic goods.	4. a. Continue Activity No. 3 by having the various com selected cities to determine the types of goods man cities and those goods traded but not manufacture manufactured locally enter the cities' commerc region, or from other cities and areas outside the re b. Have the students collect maps of highway, rail necting two major cities in the U.S. and two major They should study the transportation routes lea cities. Waterways may be very important for so students select a product that would be exported a the cities located in the United States to on Hypothesize the movement of the good today. H been transported 100 years ago?
5. Improved transportation and communication systems allow corporations to operate in many countries and to choose among the world's cities for additional plant locations.	5. Ask a local industrialist whose company has overseas talk to your class about the company's plant locations how improved transportation and communication s overseas expansion.
6. Both economic and noneconomic factors are important in attracting people and new business and industry to a city.	6. Give each student a copy of "What's Good About Your of this unit.) Assign each member of the class one of the check list. After an adequate time for researching this pa local town or city, the student should give a brief rep After all students have reported, a composite class scor and recommendations can be made for improvement. this initial study, invite the local city manager to yo should and what is being done to improve your city. Perhaps organize the class into hypothetical chambers the cities studied in activity numbers 3 and 4. These should then research probable employment opportun cities. When the groups have collected their informa persuade members of the class to seek jobs in their economic and noneconomic reasons. Both the advanta living in large cities (compared with medium-sized ci elicited from the panel's discussion of availability of diff and services, educational opportunities, and leisure a

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ortation and communication porations to operate in many hoose among the world's cities t locations.

nd noneconomic factors are cting people and new business city.

Activities

4. a. Continue Activity No. 3 by having the various committees analyze the three selected cities to determine the types of goods manufactured in the different cities and those goods traded but not manufactured there. Do the goods not manufactured locally enter the cities' commerce from the surrounding region, or from other cities and areas outside the region or country?

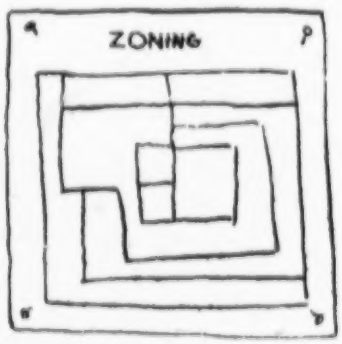
   b. Have the students collect maps of highway, rail, and airline routes connecting two major cities in the U.S. and two major cities in other countries. They should study the transportation routes leading to and from these cities. Waterways may be very important for some cities. Then have the students select a product that would be exported and imported from one of the cities located in the United States to one of the foreign cities. Hypothesize the movement of the good today. How would the good have been transported 100 years ago?

5. Ask a local industrialist whose company has overseas operations to come in and talk to your class about the company's plant locations in foreign countries and how improved transportation and communication systems have facilitated overseas expansion.

6. Give each student a copy of "What's Good About Your Community?" (See back of this unit.) Assign each member of the class one of the topics on the community check list. After an adequate time for researching this particular topic regarding a local town or city, the student should give a brief report justifying his rating. After all students have reported, a composite class score can then be determined and recommendations can be made for improvement. After the class has made this initial study, invite the local city manager to your class to discuss what should and what is being done to improve your city.

   Perhaps organize the class into hypothetical chambers of commerce to represent the cities studied in activity numbers 3 and 4. These chambers of commerce should then research probable employment opportunities in their respective cities. When the groups have collected their information, they should try to persuade members of the class to seek jobs in their respective cities both for economic and noneconomic reasons. Both the advantages and disadvantages of living in large cities (compared with medium-sized cities or towns) should be elicited from the panel's discussion of availability of different types of jobs, goods and services, educational opportunities, and leisure activities.

Economic Ideas	Activities
7. Planning is essential to the orderly growth of a city.	7. If feasible, contact a city planner to address the cla process of planning. A city manager, mayor, or architec in areas where no professional planner is employed by a
	Divide the class into study groups to gather informat has been done in two or more cities. At the appropri should report their findings to the class, at which time of the effectiveness of planning in the cities which mendations should be made concerning the planning a the respective cities for future progress. In addition to the form at the back of this unit, students should con dinances that would be helpful and the probable reac



Trade Among Nations

1. All countries do not prefer to produce the same goods and services because human, natural, and capital resources are not distributed equally among nations.	1. Have the students divide into different groups and se study the various goods and services they produce. resources of each country to its production for export vantage is found in each country?
2. World trade provides for an efficient allocation of productive resources by motivating nations to specialize in producing the goods and services best suited to their resources.	2. Have students list items they possess that come from exhibit or bulletin board display of these products. Ta bananas for example, and indicate the countries wh advantage in its production. Show how it is produced countries because of available natural resources.
3. World trade enables a nation to enjoy a higher standard of living.	3. Through class discussion, develop the concept of standa standard of living is determined by the level of produc per individual consumer. Then, have students compare living with that of countries previously studied.
4. World trade is necessary for an industrial economy.	4. Ask the students to determine what would happen demand for steel products if the U.S. could not impo formerly exported? How would this affect labor e manufacturers?

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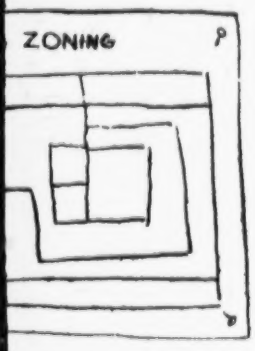

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Activities

7. If feasible, contact a city planner to address the class on the importance and process of planning. A city manager, mayor, or architect could serve this function in areas where no professional planner is employed by a nearby city.

   Divide the class into study groups to gather information on past planning that has been done in two or more cities. At the appropriate time the study groups should report their findings to the class, at which time comparisons can be made of the effectiveness of planning in the cities which are investigated. Recommendations should be made concerning the planning and development needed in the respective cities for future progress. In addition to information suggested by the form at the back of this unit, students should consider any new laws or ordinances that would be helpful and the probable reactions to such enactments.

Trade Among Nations

1. Have the students divide into different groups and select different countries to study the various goods and services they produce. Have students relate the resources of each country to its production for exportation. What resource advantage is found in each country?

2. Have students list items they possess that come from other countries. Make an exhibit or bulletin board display of these products. Take one of these products, bananas for example, and indicate the countries which enjoy a comparative advantage in its production. Show how it is produced more efficiently by certain countries because of available natural resources.

3. Through class discussion, develop the concept of standard of living. Note how the standard of living is determined by the level of production of goods and services per individual consumer. Then, have students compare the American standard of living with that of countries previously studied.

4. Ask the students to determine what would happen to supply in relation to demand for steel products if the U.S. could not import some of the steel it had formerly exported? How would this affect labor employment by U.S. auto manufacturers?

5.	World trade results in interdependence of the countries involved.	5. Have students make a chart of foods that are traded i formation about imported foods might be secured fro Help the students reach the conclusion that nations another for those goods and services which cannot be pr
6.	International trade is vital to the U. S. because (1) the volume of U. S. imports and exports exceeds that of any other country; (2) the U. S. is completely dependent upon other countries for certain goods and materials; and (3) changes in the volume of net imports can have a magnified effect upon the domestic level of output and income.	6. Make a list of the strategic resources that the U.S. imp Have the students determine what percentage of agri ported to other countries. Discuss the implications of t particular industry.
7.	Shipment of economic goods among nations is done primarily via water transportation.	7. Have students secure information about different metho in world trade and freight rates which are charged. Di transportation is less expensive, and consider when air preferred.
8.	Tourists buy goods and services while traveling in a country, thus increasing the income of the country visited.	8. Have students list all expenditures a family would inc country their family would like to visit. Then have them with the production of these goods and services.
9.	Special problems sometimes arise from the fact that each nation has its own currency, banking, and monetary system.	9. Have students bring foreign currency to class. Use fore in the **Wall Street Journal** to determine the value in Am the price of an English Ford selling for 1,000 pounds.

Definition of Terms

Exports — Goods, services, and resources produced by individuals and businesses of one n and **sold** to residents, businesses, or governments of another nation. An outfl domestically produced goods and services.

Imports — Goods, services, and resources produced by businesses and individuals of one n and purchased by residents, businesses, or governments of another nation. An of foreign produced goods and services.

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of U. S. imports and exports
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domestic level of output and

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5. Have students make a chart of foods that are traded in the world market. (Information about imported foods might be secured from a local grocery store.) Help the students reach the conclusion that nations are dependent upon one another for those goods and services which cannot be produced at home.

6. Make a list of the strategic resources that the U.S. imports from other countries. Have the students determine what percentage of agricultural production is exported to other countries. Discuss the implications of the world market for this particular industry.

7. Have students secure information about different methods of transportation used in world trade and freight rates which are charged. Discuss reasons why water transportation is less expensive, and consider when air transportation might be preferred.

8. Have students list all expenditures a family would incur in Mexico or another country their family would like to visit. Then have them list some jobs associated with the production of these goods and services.

9. Have students bring foreign currency to class. Use foreign exchange rates given in the **Wall Street Journal** to determine the value in American money. Determine the price of an English Ford selling for 1,000 pounds.

Definition of Terms

ports — Goods, services, and resources produced by individuals and businesses of one nation and **sold** to residents, businesses, or governments of another nation. An outflow of domestically produced goods and services.

ports — Goods, services, and resources produced by businesses and individuals of one nation and purchased by residents, businesses, or governments of another nation. An inflow of foreign produced goods and services.

What's GOOD About YOUR Community?

Your community check list. Rate the assets of your community 1-2-3.

Column 1	Column 2	Column 3	Column 4	Column 5	
Local Agriculture Poor 1 Fair 2 Good 3	Public Libraries Poor 1 Fair 2 Good 3	Water Supply Poor 1 Fair 2 Good 3	Family Living Conditions Poor 1 Fair 2 Good 3	General Appearance of Roads, Parks, Streets Poor 1 Fair 2 Good 3	Poor 1
Local Industry Poor 1 Fair 2 Good 3	Public Health Facilities Poor 1 Fair 2 Good 3	Garbage and Trash Disposal Poor 1 Fair 2 Good 3	Family Income Poor 1 Fair 2 Good 3	Recreational Opportunities for All Ages Poor 1 Fair 2 Good 3	Pa Poor 1
Local Stores Poor 1 Fair 2 Good 3	Availability of Doctors and Dentists Poor 1 Fair 2 Good 3	Fire Control Poor 1 Fair 2 Good 3	Community Organizations Poor 1 Fair 2 Good 3	Conservation of Soil, Water, Timber Poor 1 Fair 2 Good 3	H A Poor 1
Sources of Credit Poor 1 Fair 2 Good 3	Hospitals and Clinics Poor 1 Fair 2 Good 3	Flood Control Poor 1 Fair 2 Good 3	Parks and Playgrounds Poor 1 Fair 2 Good 3	Public Buildings Poor 1 Fair 2 Good 3	Attitud to Prog Poor 1
Job Training and Retraining Poor 1 Fair 2 Good 3	Nursing Homes for Aged Poor 1 Fair 2 Good 3	Condition of Houses Poor 1 Fair 2 Good 3	School Buildings Poor 1 Fair 2 Good 3	Road and Street Maintenance Poor 1 Fair 2 Good 3	Other Poor 1
Education Poor 1 Fair 2 Good 3	Sewage Disposal Poor 1 Fair 2 Good 3	Safety Poor 1 Fair 2 Good 3	Churches Poor 1 Fair 2 Good 3	Transportation Poor 1 Fair 2 Good 3	Column Sub-tota
Column 1 Sub-total _____	Column 2 Sub-total _____	Column 3 Sub-total _____	Column 4 Sub-total _____	Column 5 Sub-total _____	TOTAL (Pos

When Improvements Need To Be Made . . . HOW DO WE START?

Set Priorities:

Number 1 Improvement needed:

_____

_____

Number 2 Improvement needed:

_____

_____

Some communities are nearer being perfect in the eyes of residents than others. But this we know—every community can stand improving.

If it is agreed that there are some areas that you can and should improve, invite a small group together and discuss what can be done to make improvements. You will need to talk about:

- **The kind of community you want.**
- **The kind of community you have.**
- **The width of the gap between what you have and what you want.**
- **What should be done about it and what can be done immediately.**
- **Who will accept resp done.**
- **How to know the job**

What's GOOD About YOUR Community?

Your community check list. Rate the assets of your community 1-2-3.

Public Libraries	Water Supply	Family Living Conditions	General Appearance of Roads, Parks, Streets	Planning and Zoning
Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3
Public Health Facilities	Garbage and Trash Disposal	Family Income	Recreational Opportunities for All Ages	Parking Downtown
Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3
Availability of Doctors and Dentists	Fire Control	Community Organizations	Conservation of Soil, Water, Timber	Hotel and Motel Accommodations
Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3
Hospitals and Clinics	Flood Control	Parks and Playgrounds	Public Buildings	Attitudes of Local Residents to Progressive Developments
Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3
Nursing Homes for Aged	Condition of Houses	School Buildings	Road and Street Maintenance	Other_____
Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3
Sewage Disposal	Safety	Churches	Transportation	Column 6 Sub-total _____
Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	Poor 1 Fair 2 Good 3	
Column 2 Sub-total _____	Column 3 Sub-total _____	Column 4 Sub-total _____	Column 5 Sub-total _____	TOTAL _____ (Possible Score — 105)

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Made . . .
VE START?

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- **The kind of community you want.**
- **The kind of community you have.**
- **The width of the gap between what you have and what you want.**
- **What should be done about it and what can be done immediately.**
- **Who will accept responsibility for getting it done.**
- **How to know the job is progressing.**

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AMERICAN GOVERNMENT

Overview

The Role of Government in the Economic Development and Growth of the United States

The role of government in the American economy has increased over the last two centuries as our society changed from an underdeveloped country with a predominantly rural population to a highly developed urbanized society. In early America the economic role of the government was largely devoted to protecting private property, providing for private contracts, and guaranteeing related economic freedoms; the role was a limited one concerned with preserving conditions necessary for effective capitalism. Through the years and even today many people believe this limited action should be the extent of government's role in the economy. Consequently, much controversy has continuously accompanied enlargement of the government's responsibilities in economic matters. At the base of these controversies lie conflicting values regarding the proper amount of government involvement in the economy.

General direction for decisionmaking at all levels of government is provided by public opinion on the pros and cons of each issue; the aggregation of values is public opinion. The casting of votes by citizens and the compromises reached by various economic interest groups provide the basis for deciding economic issues. Although economic decisionmaking is generally made through the market mechanism by producers who seek profit and consumers who seek self-satisfaction, government provides a means for public op
government decisionmaking process involve
representatives, appointed officials, emplo
special-interest groups. The increasing rol
change over time in American public opini
ment intervention in the economy. The
ticipation of citizens of all socio-economic c
new legislation. For example, the lowering
passage of the Civil Rights laws has adde
political system. The increasing participa
minority groups in the political process m
regulations of private enterprise and trade a
various facets of taxing and spending, w
overall level and direction of economic act

Government has long assumed the
providing certain basic goods and services s
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government provides a means for public opinion to be instituted. The government decisionmaking process involves individual voters, elected representatives, appointed officials, employed lobbyists, and other special-interest groups. The increasing role of government reflects a change over time in American public opinion concerning the government intervention in the economy. The increasing political participation of citizens of all socio-economic classes is largely a result of new legislation. For example, the lowering of the voting age and the passage of the Civil Rights laws has added a new dimension to our political system. The increasing participation of young people and minority groups in the political process may have an impact on the regulations of private enterprise and trade and legislation affecting the various facets of taxing and spending, which directly influence the overall level and direction of economic activity.

Government has long assumed the primary responsibility of providing certain basic goods and services such as the following: roads, public education, city water, sewage disposal, parks, police and fire protection, and national defense, which were not effectively supplied by private enterprise. Government closely regulated monopolies that supply gas, electric, and telephone service as well as other functions to avoid wasteful competition. Laws dealing with trusts and monopolies,

regulation of specific industries, labor-management relations, consumer protection, support of education and economic development have all been enacted in the spirit of improving our basic system of workable competition in a rapidly changing social and economic environment. In general, governments at all levels have endeavored to preserve the rights of the individual citizen and to provide an environment in which he can develop to his fullest potential.

The Great Depression of the 1930's caused a major change in political-economic philosophy, for the federal government played an active role in attempting to counteract the extreme effects of the Depression. In recent years, the American government has tried various methods to curb inflation, which is the other extreme of the business cycle. The government has been increasingly concerned with economic stability since World War II. Both monetary and fiscal policy have been employed which resulted in less severe recessions and periods of expansion until the middle 1960's. However, with increasing demands for government services at home and the additional military outlay for the Indo-China War, an inflationary period began in the middle 1960's which resulted in more government regulation in the form of a wage-price freeze in 1971 to counteract inflation and to make American goods more competitive abroad.

Throughout American History, controversy has focused on the issue of international trade and the recent American government intervention on the international scene has added to the controversy. Reactions to change in tariffs and quotas are unpredictable because effects on individual industries may be more than offset by compensating effects on the rest of the economy. Of greatest significance may be the reaction of other countries. As a result of increasing the tariffs or quotas on American imports, we may find certain foreign markets closed to our exports. Historically, the United States grew rapidly from a small nation dependent on foreign imports for economic development. Infant industries developed and were protected by the government against foreign competition in their early years until they were ready to engage in international trade. However, because of their particular resource requirements, there will always be some industries that will have difficulty competing on the world market. The comparative advantage which generally results from free trade among nations has been well documented, but the government often finds that requests for protection of certain domestic industries are difficult to refuse. Although U. S. foreign trade policy has not been completely consistent over the years, we have been mal
nations in reducing international trade restr

The phenomenal development and growth
can be attributed to the effective utilization of
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also increasing concern about achieving qua
that will reduce the pollution of air, water, and
being made in solving problems of certain m
not always enjoyed equality of opportunity.
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themselves in American society is now a matte
At the same time, with better health care an
attention is increasingly being focused on way
a better way of life for the aged. Citizen gr
toward the solution to our ecological imbalan
out both through their own actions and th
government's role in improving the environme
world, efforts continue toward a workable rel
that will permit world peace and the greater us
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goals.

If the American economy is to proceed at an
with relative price stability, future citizens
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through the all-important actions they reques
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The phenomenal development and growth of the American economy can be attributed to the effective utilization of our natural, human, and capital resources. Another factor that has contributed to the country's growth is that local, state, and national governments have been responsive to the needs of the citizenry and have provided for the incentives of a dynamic social environment conducive to innovation and productivity. Concurrently, with national economic growth the standard of living of the average American citizen has increased steadily over the past three decades.

Increasing affluence and leisure time due to automation and technological advancements have enabled both private citizens and the government to help less fortunate citizens to improve their lot. There is also increasing concern about achieving quality in economic growth that will reduce the pollution of air, water, and countryside. Progress is being made in solving problems of certain minority groups who have not always enjoyed equality of opportunity. Drug use and crime by young people who have not been able to find a satisfactory role for themselves in American society is now a matter of tremendous concern. At the same time, with better health care and longer life expectancy, attention is increasingly being focused on ways and means of providing a better way of life for the aged. Citizen groups have been working toward the solution to our ecological imbalance; their work is carried out both through their own actions and through influence on the government's role in improving the environment. In an interdependent world, efforts continue toward a workable relationship among nations that will permit world peace and the greater use of productive resources for improving the living conditions of mankind everywhere. Undergirding all of these social and cultural aspirations is the importance of economic productivity to provide the means for accomplishing our goals.

If the American economy is to proceed at an optimum rate of growth with relative price stability, future citizens must develop basic competency as economic decisionmakers both in the market place and through the all-important actions they request of the government. The appropriate role of government is an issue which each generation of Americans must decide for itself.

AMERICAN GOVERNMENT

The Role of Government in the Economic Development and Growth of the United States

Economic Ideas	Activities
1. Planning is necessary for more efficient development of any country. Economic development is necessary for improving the standard of living of its citizens.	1. Note to Teacher: This role-playing exercise is to be us test. Comparisons between the students' recommend following study of this unit should indicate the cha information is gained and how this affects decision
	Divide the class into groups of no more than five following situation. Suppose you were the Economics Advisors of a newly independent nation "Zibratnon rivers, including several large waterfalls, but very fe airfields. Rich land is planted to subsistence agricult reserves, undeveloped mineral resources, and a popula whom are illiterate. Ten per cent have an elementary ed a high school education; and one per cent have a coll improve the economic standard of living in your coun preparing the people to participate in the democratic p three years. What recommendations would you make (Groups share answers and critique them.)
2. Governmental stability is basic for economic development.	2. Have a group of students research and role play the s business investor in one of the underdeveloped cou where riots and a revolution occurred.
3. American citizens, through their "dollar votes" for consumer goods and services and their political votes for public officials and issues, help shape economic and political activity.	3. Have the class consider this extreme position: the f only provide for national security and run the post offic a. What long-run effect would this position have governments? on individuals as voters and as b. How would the class reorder government priorit feasible? Economically sound? How much objec country? (Perhaps consider discussing the "SST subsidies, pollution, and poverty problems.)

AMERICAN GOVERNMENT

The Role of Government in the Economic Development and Growth of the United States

omic Ideas

ssary for more efficient any country. Economic cessary for improving the of its citizens.

bility is basic for economic

, through their "dollar votes" ods and services and their public officials and issues, help nd political activity.

Activities

1. Note to Teacher: This role-playing exercise is to be used as a pre-test and a post-test. Comparisons between the students' recommendations prior to study and following study of this unit should indicate the change in attitude after more information is gained and how this affects decisionmaking.

   Divide the class into groups of no more than five and give each group the following situation. Suppose you were the Economics Minister and his Council of Advisors of a newly independent nation "Zibratnon." This country has many rivers, including several large waterfalls, but very few roads and only two small airfields. Rich land is planted to subsistence agriculture. There are lush timber reserves, undeveloped mineral resources, and a population of three million, 87% of whom are illiterate. Ten per cent have an elementary education; two per cent have a high school education; and one per cent have a college education. You wish to improve the economic standard of living in your country while at the same time preparing the people to participate in the democratic process through elections in three years. What recommendations would you make to attain both these goals? (Groups share answers and critique them.)

2. Have a group of students research and role play the situations that would face a business investor in one of the underdeveloped countries or in early America where riots and a revolution occurred.

3. Have the class consider this extreme position: the federal government should only provide for national security and run the post office.
   a. What long-run effect would this position have on federal, state, and local governments? on individuals as voters and as consumers?
   b. How would the class reorder government priorities? Would it be politically feasible? Economically sound? How much objection would it stir up in the country? (Perhaps consider discussing the "SST," the space program, farm subsidies, pollution, and poverty problems.)

Economic Ideas	Activities
	c. Discuss whether the consumer's dollar "votes" really important in determining the private goods produced.
	Present the following research problem to the class: examine some current national social legislation that is consider merits of the "Family Assistance Plan" vers the existing program. Have the students write their Co hearings and background material if these materials ar Both "pro" and "con" arguments should be presente
	The rest of the class will research a local situation such in a local city. The requests for funds should be com funds for a five-year period. Since requests for money tributions, how are decisions made as to which projects certain groups "lobby" for United Fund support of the type of "lobbying" with that in the "halls" of Congress.
	Members of the class should role play the appropriate d the group requesting money. The national "decisionm which legislation should be supported, and the local determine what projects the United Fund should su allocate each one from the total budget.
4. Through its income from taxes, the government provides certain goods and services for all citizens.	4. Have the students list the goods and services provided the armed forces, parks, police and fire protection, health services, courts, laws and regulations, and subsi certain individuals and groups. Then ask the student describing what they think would happen if all levels of providing all forms of economic goods and services. For reduced, but how would the general welfare be affected property, and estate taxes in relation to changes whic present tax structure.) How efficiently and for whom provided?
5. Government is usually expected to provide for social capital such as roads, railroads, airports, communication services, and energy sources for economic development.	5. Have student groups research the role of the governme (a) the railroads; (b) airport and airline services; (c) hi stitutions; (e) communication services, such as radio, t (f) energy sources.

nic Ideas

Activities

c. Discuss whether the consumer's dollar "votes" in the market place are really important in determining the private goods and services that will be produced.

Present the following research problem to the class: One-half the class is to examine some current national social legislation that is before Congress. Perhaps consider merits of the "Family Assistance Plan" versus welfare benefits under the existing program. Have the students write their Congressmen for committee hearings and background material if these materials are not otherwise available. Both "pro" and "con" arguments should be presented.

The rest of the class will research a local situation such as the United Fund drive in a local city. The requests for funds should be compared with the supply of funds for a five-year period. Since requests for money always exceed the contributions, how are decisions made as to which projects should be supported? Do certain groups "lobby" for United Fund support of their projects? Compare this type of "lobbying" with that in the "halls" of Congress.

Members of the class should role play the appropriate decisionmaking group and the group requesting money. The national "decisionmakers" should determine which legislation should be supported, and the local "decisionmakers" should determine what projects the United Fund should support and how much to allocate each one from the total budget.

from taxes, the government
oods and services for all

4. Have the students list the goods and services provided by government such as the armed forces, parks, police and fire protection, roads, education, certain health services, courts, laws and regulations, and subsidies and financial aids to certain individuals and groups. Then ask the students to write a short essay describing what they think would happen if all levels of government were to stop providing all forms of economic goods and services. For example, taxes could be reduced, but how would the general welfare be affected? (Discuss income, sales, property, and estate taxes in relation to changes which might be made in the present tax structure.) How efficiently and for whom would these services be provided?

lly expected to provide for
s roads, railroads, airports,
ces, and energy sources for
nt.

5. Have student groups research the role of the government in the development of (a) the railroads; (b) airport and airline services; (c) highways; (d) financial institutions; (e) communication services, such as radio, telephone, postal system; (f) energy sources.

Economic Ideas	Activities
6. As the American economy developed, some regulation was necessary to preserve effective competition.	6. Have students research and report on the history of could then discuss the role of "big business, big labor, economy today and perhaps debate whether we now competition than existed 50 years ago in America.
7. Natural monopolies for providing gas, electricity, water, and telephone services are franchised and regulated by government because competition would be wasteful and inefficient.	7. Have class members discuss what it would mean to h companies serving a single community. Consider the governmental regulation of various economic group financial institutions, radio and T. V. stations, food an
8. Any government action to accomplish a single economic goal will have secondary effects which may hamper the accomplishment of other important economic goals. Thus, an all-out effort to combat inflation may increase unemployment and restrict economic freedom.	8. (Definition of inflation: an increase in the general pr purchasing power of the dollar.) Inflation could be reduced if: (1) everyone took a 25 were no new capital investment for 24 months; (3) t cent; (4) no defense spending were made for three n reporting over an 8 per cent return on investment we reduce profits to this level; (6) people paid for food, h buy nothing else for two months. Have the students discuss why the foregoing remedi not been used. Why was it so difficult for President crease in income taxes through Congress when it wa general level of spending to curb inflation? The major would involvé (1) restriction of credit; (2) increase in decrease in government spending. An increase in ec also be helpful. Have the students research and rep policies they would consider best for combating inflati for curbing inflation are being used by President Nixo

Controversy over the relative emphasis that shoul economic goals (such as freedom, growth, stability, result in the downfall of a government. Have student and report how it can best be resolved in a democracy.

omic Ideas

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one services are franchised and
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l have secondary effects which
accomplishment of other im-
goals. Thus, an all-out effort to
ay increase unemployment and
freedom.

Activities

6. Have students research and report on the history of anti-trust legislation. They could then discuss the role of "big business, big labor, and big government" in the economy today and perhaps debate whether we now have more or less economic competition than existed 50 years ago in America.

7. Have class members discuss what it would mean to have four different telephone companies serving a single community. Consider the impact and desirability of governmental regulation of various economic groups such as gas producers, financial institutions, radio and T. V. stations, food and drug establishments, etc.

8. (Definition of inflation: an increase in the general price level which reduces the purchasing power of the dollar.)

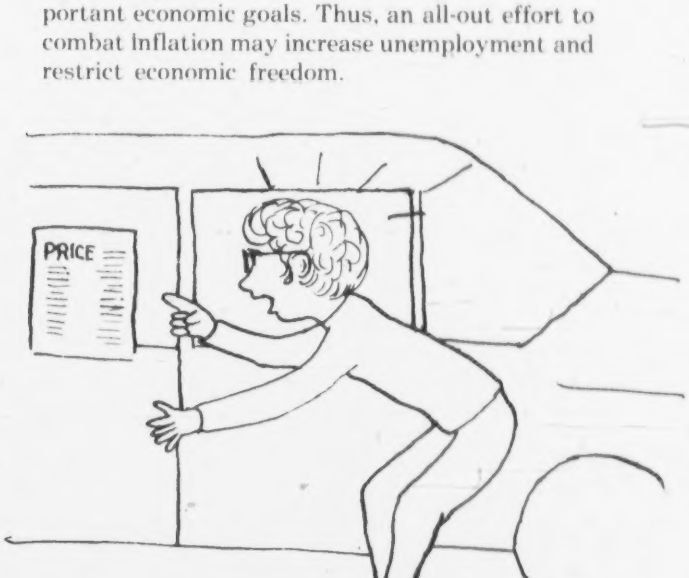
Inflation could be reduced if: (1) everyone took a 25 per cent pay cut; (2) there were no new capital investment for 24 months; (3) taxes were increased 20 per cent; (4) no defense spending were made for three months; (5) any businesses reporting over an 8 per cent return on investment were required to cut prices to reduce profits to this level; (6) people paid for food, housing, medicine, but could buy nothing else for two months.

Have the students discuss why the foregoing remedies to reduce inflation have not been used. Why was it so difficult for President Johnson to get a slight increase in income taxes through Congress when it was important to reduce the general level of spending to curb inflation? The major policies to combat inflation would involve (1) restriction of credit; (2) increase in government taxes; and (3) decrease in government spending. An increase in economic productivity would also be helpful. Have the students research and report on the combination of policies they would consider best for combating inflation. Discuss what measures for curbing inflation are being used by President Nixon.

Controversy over the relative emphasis that should be given certain socio-economic goals (such as freedom, growth, stability, justice, and security) can result in the downfall of a government. Have student groups study this problem and report how it can best be resolved in a democracy.

Economic Ideas

9. Any government action to accomplish a single economic goal will have secondary effects which may hamper the accomplishment of other important economic goals. Thus, an all-out effort to combat inflation may increase unemployment and restrict economic freedom.



10. Expanding economic growth has resulted in problems relating to the quality of life in America; i.e., water and air pollution and social ills. There has been increasing concern over alleviating these problems in the United States. City, county, and state boundaries present barriers to solving these problems because economic and political boundaries do not necessarily coincide.

Activities

9. After giving the class a brief theoretical explanation of t specialization and free trade, the teacher can distribute p from such groups as the steel industry, farm organ agencies which express organizational viewpoints on cer among nations. From these materials the students will h of each group on free trade. Then have the class role Congressional committee. Selected members of the class the position which the various economic groups would t (such as the imposition of quotas or high tariffs on s representative will point out the need for such trade rest the demand for adequate domestic steel productio emergency and will emphasize the effect increased impor on domestic steel employees, firms, and the econom regions. Consumers will oppose restrictions on the g consumers to pay higher prices for goods made of steel. A oppose these restrictions because restrictions on the us steel would increase the cost of farm machinery; and the to a steel-exporting country might be impaired (because less foreign exchange from the exporting of steel to pay agricultural products). After the representatives have mittee and answered all questions, the committee shou they should promote legislation for further restrictions Congressman on the committee might be from Penns from Oklahoma. In their talks have these two Congress realities that affect their positions on steel and agricultur the other committee members. The importation of oil, might be similarly studied.

10. (a) Have students discuss methods for reducing po companies that will not develop production m polluting or providing government subsidies f recycling processes.

(b) Have the class discuss the value of government fin VISTA and the Peace Corps in aiding underprivi their standards of living. Discuss the Model Cities P

(c) Have the students make a case study of the commu them search files of the local newspaper to find

mic Ideas

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Activities

9. After giving the class a brief theoretical explanation of the economic efficiency of specialization and free trade, the teacher can distribute publications available free from such groups as the steel industry, farm organizations, and consumer agencies which express organizational viewpoints on certain aspects of free trade among nations. From these materials the students will be able to tell the position of each group on free trade. Then have the class role play a hearing before a Congressional committee. Selected members of the class will testify on behalf of the position which the various economic groups would take on a particular issue (such as the imposition of quotas or high tariffs on steel imports). The steel representative will point out the need for such trade restrictions in order to meet the demand for adequate domestic steel production in times of national emergency and will emphasize the effect increased importation of steel could have on domestic steel employees, firms, and the economy of certain geographic regions. Consumers will oppose restrictions on the grounds that they cause consumers to pay higher prices for goods made of steel. Agricultural interests will oppose these restrictions because restrictions on the use of lower priced foreign steel would increase the cost of farm machinery; and the sale of agricultural goods to a steel-exporting country might be impaired (because that country would have less foreign exchange from the exporting of steel to pay for importing American agricultural products). After the representatives have testified before the committee and answered all questions, the committee should decide whether or not they should promote legislation for further restrictions on imported steel. One Congressman on the committee might be from Pennsylvania and another one from Oklahoma. In their talks have these two Congressmen discuss the political realities that affect their positions on steel and agriculture in an effort to persuade the other committee members. The importation of oil, beef, or other products might be similarly studied.

10. (a) Have students discuss methods for reducing pollution, such as fining companies that will not develop production methods which are non-polluting or providing government subsidies for companies installing recycling processes.

(b) Have the class discuss the value of government financed programs such as VISTA and the Peace Corps in aiding underprivileged people to improve their standards of living. Discuss the Model Cities Program.

(c) Have the students make a case study of the community where they live. Let them search files of the local newspaper to find how and why the local

Economic Ideas | **Activities**

political boundaries were first established. Th
senior citizens and current political leaders. De
of counties and other regions still make sense
transportation, air and water pollution, financ

Definition of Terms

Comparative advantage — The principle which states that nations will benefit from international trad
nation produces and exports goods in which it has the greatest relative e
and imports goods in which it has the least relative efficiency.

Economic development — An economic condition which exists when a nation is steadily better able t
its wants by increasing the level of per capita GNP. The increase in per cap
is prompted by changes in the technical and institutional processes of pro

Economic efficiency — To make the best possible use of available resources. Efficiency is usually m
by the per unit cost of goods and services, or the productivity of resources.

Fiscal policy — The plan of action pursued by the government relating to taxation, spend
the public debt through legislation or administrative practices to prom
employment, price stability, and economic growth.

Free trade — In international trade, the absence of export and import duties or any reg
designed to reduce or prevent trade.

Activities

political boundaries were first established. The students could interview senior citizens and current political leaders. Determine whether boundaries of counties and other regions still make sense in terms of regulation of transportation, air and water pollution, financing education.

Definition of Terms

parative advantage — The principle which states that nations will benefit from international trade if each nation produces and exports goods in which it has the greatest relative efficiency and imports goods in which it has the least relative efficiency.

nomic development — An economic condition which exists when a nation is steadily better able to satisfy its wants by increasing the level of per capita GNP. The increase in per capita GNP is prompted by changes in the technical and institutional processes of production.

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al policy — The plan of action pursued by the government relating to taxation, spending and the public debt through legislation or administrative practices to promote full-employment, price stability, and economic growth.

trade — In international trade, the absence of export and import duties or any regulations designed to reduce or prevent trade.

Definition of Terms

Monetary policy – Actions taken by the Federal Reserve System to change the rate of growth of money supply to promote full-employment, price stability and economic gro

Monopoly – A market situation in which there is only one seller of a product and there ar acceptable substitutes.

Productivity – The amount of goods and services made by a producer in a given period of t usually measured in output per man-hour.

Recession – A situation in which business activity is slowing down or contracting. Prin traits of the period are decreasing prices, decreasing profits, and increa unemployment.

Specialization – A situation in which individuals confine their activities to making a certain part good or a nation confining its activities to making particular goods best suited t resources.

Tariff – A schedule of set charges by the government on goods imported or exported. In United States usually only imported goods are affected.

Definition of Terms

tary policy — Actions taken by the Federal Reserve System to change the rate of growth of the money supply to promote full-employment, price stability and economic growth.

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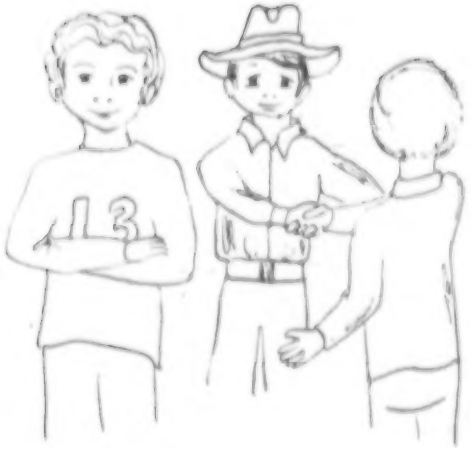


AMERICAN HISTORY

Overview

Forces Shaping the American Economy Since 1860

Both domestic (internal) and international (external) economic forces have been very important determinants of American History.

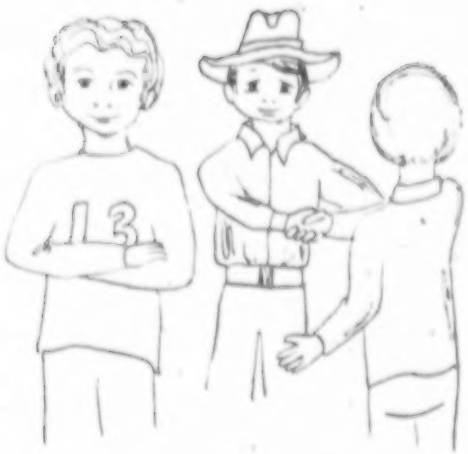
On the Domestic Scene. The economy has been much influenced by special interest groups such as agricultural organizations, management groups, and the multitude of other organizations for or against certain governmental functions. Of course each of these special groups has a primary interest in bettering its own concerns, but most groups are also genuinely interested in the welfare of all citizens in American society. In general, the special interest groups reflect democracy at work; and they do affect both legislation and the role of government agencies that implement legislation.

The influence of government on the economy has been and continues to be manifested through legislation, executive orders, court decisions, regulatory agencies, and government spending. Government expenditures for a function such as national defense directly affect the allocation of our available resources.

Prior to World War II, one of the most disturbing economic problems was the cyclical occurrence of "boo culminated in the Great Depression of the catastrophe, subsequent developments in eco availability of more accurate and current econ impetus for legislative action designed to pr and also to avoid wide business fluctuations.

Technological developments, industrial gro of labor have all contributed to the great i American people for goods and services and to e of the overall standard of living. However, received little benefit from industrialization a poverty, as it has been variously defined. Th fortunate Americans is further aggravated problem of industrialized America is pollution for restoring ecological balance to our environm other economic problems will be the challenge

On the International Scene. The economic vantage explains the motivation for trade bet



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ernment on the economy has been and con- through legislation, executive orders, court ncies, and government spending. Government on such as national defense directly affect the le resources.

II, one of the most disturbing economic problems was the cyclical occurrence of "booms and busts," which culminated in the Great Depression of the 1930's. This economic catastrophe, subsequent developments in economic theory, and the availability of more accurate and current economic data provided the impetus for legislative action designed to promote economic growth and also to avoid wide business fluctuations.

Technological developments, industrial growth, and specialization of labor have all contributed to the great interdependence among American people for goods and services and to continuing improvement of the overall standard of living. However, some Americans have received little benefit from industrialization and are at the level of poverty, as it has been variously defined. The plight of these less fortunate Americans is further aggravated by inflation. Another problem of industrialized America is pollution and the related concern for restoring ecological balance to our environment. Solving these and other economic problems will be the challenge for the next generation.

On the International Scene. The economic law of comparative advantage explains the motivation for trade between the United States

and other countries. This law states that world production is maximized when each nation devotes its labor and other resources to producing those goods and services in which it has the greatest relative advantage. If there are no barriers to world trade in the form of tariffs and quotas, each nation exports those goods and services which it produces most efficiently and imports those goods and services which it would produce less efficiently if at all. This exchange provides more goods and services at lower costs to consumers of all trading nations.

During the early stages of a country's economic development, the nature and magnitude of its exports and imports differ from its trade pattern at later stages of development. For example, during the early 1800's the United States primarily imported finished goods and exported raw materials; today the reverse is true, although many agricultural and primary products are exported. In the early stages of development, nations lack the necessary capital for investment in private and social goods; thus, these nations borrow from other countries in order to build such facilities as roads, dams, hydro-electric power plants, and schools which are necessary to support industrial growth.

Two other important concepts introduc
trade are **balance of payments** and **balance**
accounting statement which reflects all tra
its citizens with the rest of the world durin
year. If the receipts to the United States
greater than payments to other countrie
balance of payments will reflect a "surplus
are greater than receipts for the year, there

"Balance of trade" refers only to th
country's imports and exports of private goo
international military and political commit
United States has had a deficit in its balan
it has enjoyed a "surplus" in its balance of t

Special problems in world trade arise fro
has its own money. Consequently, each n
foreign currency needed to pay for its i
markets and various international financial
trade.

This law states that world production is nation devotes its labor and other resources to and services in which it has the greatest relative no barriers to world trade in the form of tariffs on exports those goods and services which it ly and imports those goods and services which it iciently if at all. This exchange provides more lower costs to consumers of all trading nations.

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Two other important concepts introduced in the context of world trade are **balance of payments** and **balance of trade.** The former is an accounting statement which reflects all transactions of a country and its citizens with the rest of the world during a specified time, usually a year. If the receipts to the United States from foreign countries are greater than payments to other countries in a particular year, the balance of payments will reflect a "surplus." Conversely, if payments are greater than receipts for the year, there will be a "deficit."

"Balance of trade" refers only to the relationship between a country's imports and exports of private goods and services. Because of international military and political commitments in recent years, the United States has had a deficit in its balance of payments even though it has enjoyed a "surplus" in its balance of trade.

Special problems in world trade arise from the fact that each country has its own money. Consequently, each nation must export to earn foreign currency needed to pay for its imports. Foreign exchange markets and various international financial institutions facilitate world trade.

AMERICAN HISTORY

On the Domestic Scene

Economic Ideas	Activities
1. Government can affect economic conditions through executive orders, legislative acts, court decisions, regulatory actions, taxing, and spending.	1. Provide a list of significant, historic governmental acts economy and have each student choose one on which to r should prepare himself to explain the governmental actio and interpret its effect on the economy. Different govern the following might be suggested. Executive order: Roo Legislative act: Homestead Act of 1862; Court decision 1895; Regulatory agency: National Labor Relations Boar of President Kennedy's decision to rocket a man to and increasing employment at locations throughout the cou
2. The historical occurrence of recessions and depressions, epitomized by the Great Depression of the 1930's, provided impetus for legislation to enhance economic growth without serious business fluctuations.	2. After a study of the Great Depression in the 1930's memb try to answer the following questions: (a) What attitudes grew out of these hard times? Co titudes of young adults today. (b) What legislation was passed and what programs we recurrence of the depression? Ask each student to expressing his opinion of the appropriateness of t action to avoid severe business fluctuations. Relate
3. All government expenditures affect the allocation of resources in the economy.	3. Have the class analyze expenditures of the federal governm year and then recommend changes in allocations. The projections of the total effect of the changes they rec recommended changes might become the basis for interesti Have each student write a short paragraph on what he economically if no military expenditures were made example, what if all military bases were closed? Then con on the question: How do peacetime defense expenditures your city? your state? your nation? Also consider the impa expenditures. Have students discuss the pros and co program.
4. Various organized groups of people with special economic interests influence governmental actions which affect the allocation of resources.	4. Divide the class into groups; each will study the goals a ticular special interest organization such a labor union, management group. Roleplay lobbyist who might repre

AMERICAN HISTORY

On the Domestic Scene

ɔmic Ideas	Activities
affect economic conditions ɔrders, legislative acts, court ɔry actions, taxing, and	1. Provide a list of significant, historic governmental actions that influence the economy and have each student choose one on which to research and report. He should prepare himself to explain the governmental action, describe its purpose, and interpret its effect on the economy. Different governmental actions such as the following might be suggested. Executive order: Roosevelt's Bank Holiday; Legislative act: Homestead Act of 1862; Court decision: Sugar Trust Case of 1895; Regulatory agency: National Labor Relations Board. (Consider the impact of President Kennedy's decision to rocket a man to and from the moon. Note increasing employment at locations throughout the country.)
ɔurrence of recessions and ɔized by the Great Depression ɔled impetus for legislation to ɔ growth without serious ɔs.	2. After a study of the Great Depression in the 1930's members of the class should try to answer the following questions: (a) What attitudes grew out of these hard times. Compare with related attitudes of young adults today. (b) What legislation was passed and what programs were instituted to avoid a recurrence of the depression? Ask each student to write a few sentences expressing his opinion of the appropriateness of the government taking action to avoid severe business fluctuations. Relate to current legislation.
ɔnditures affect the allocation economy.	3. Have the class analyze expenditures of the federal government during a particular year and then recommend changes in allocations. They should make logical projections of the total effect of the changes they recommend. Some of the recommended changes might become the basis for interesting class debates. Have each student write a short paragraph on what he thinks would happen economically if no military expenditures were made during peacetime. For example, what if all military bases were closed? Then conduct a class discussion on the question: How do peacetime defense expenditures affect the economy of your city? your state? your nation? Also consider the impact of other government expenditures. Have students discuss the pros and cons of the U. S. space program.
ɔroups of people with special influence governmental ac- ɔe allocation of resources.	4. Divide the class into groups; each will study the goals and objectives of a particular special interest organization such a labor union, farm organization, or management group. Roleplay lobbyist who might represent the respective in-

Economic Ideas	Activities
	terest groups and their opposition. The lobbyist shou the people he represents, and should define their eco present a proposal to Congress for specific legislati group. The class should determine what effect this le overall economy and then vote on the proposal to n general welfare.
5. Marketing innovations facilitate the exchange of goods and services.	5. Define and explain innovations such as checking a puterized banking, mail-order houses, wholesalers, s centers, specialized financial institutions, and chan communication. Then have the students roleplay exch depicting (a) the inconvenience of the barter system; (b) the efficiency of using money as a medium of exc (c) the added convenience and efficiency made p modern marketing innovations.
6. Technological developments help to produce a higher standard of living.	6. Through class discussion compare the standards of li today. Consider such things as the quantity, quality services available and attainable as well as general wo
7. Increasing interdependence among people results from increasing specialization in the production of goods and services. This specialization is fostered by technological developments, industrial growth, and urban expansion.	7. Present the following situation to the class: In earl most of the goods and services they needed by maki Americans depend on workers throughout the Un services. What has brought about this increased in Class discussion should bring out student suggestion to economic interdependence. One large industry s facturer will usually involve many smaller firms in thus contribute to much higher total employment alone. Consider also the increasing need for more s filling stations, banks, barber shops, etc.

onomic Ideas

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evelopments help to produce a of living.

dependence among people results specialization in the production of es. This specialization is fostered cal developments, industrial an expansion.

Activities

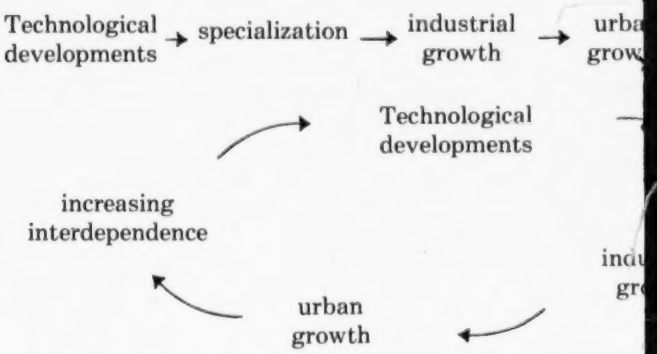
terest groups and their opposition. The lobbyist should stress the importance of the people he represents, and should define their economic role. He should then present a proposal to Congress for specific legislation which would benefit his group. The class should determine what effect this legislation would have on the overall economy and then vote on the proposal to make it compatible with the general welfare.

5. Define and explain innovations such as checking accounts, credit cards, computerized banking, mail-order houses, wholesalers, supermarkets and shopping centers, specialized financial institutions, and changes in transportation and communication. Then have the students roleplay exchanges of goods and services depicting
   (a) the inconvenience of the barter system;
   (b) the efficiency of using money as a medium of exchange; and
   (c) the added convenience and efficiency made possible by using all of the modern marketing innovations.

6. Through class discussion compare the standards of living of the early 1900's and today. Consider such things as the quantity, quality, and variety of goods and services available and attainable as well as general working and living conditions.

7. Present the following situation to the class: In early America, people produced most of the goods and services they needed by making them themselves. Today Americans depend on workers throughout the United States for goods and services. What has brought about this increased interdependence?

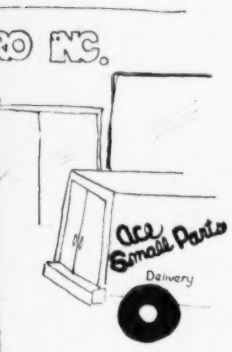
   Class discussion should bring out student suggestions of factors which contribute to economic interdependence. One large industry such as an aerospace manufacturer will usually involve many smaller firms in the production process and thus contribute to much higher total employment than in the aerospace plant alone. Consider also the increasing need for more services from grocery stores, filling stations, banks, barber shops, etc.

Economic Ideas	Activities
	After the discussion, have each student construct a f development of interdependence and provide the rationale 
8. In spite of its great affluence, the United States has many economic problems which require positive action from a competent citizenry.	8. Ask each student to make a list of current economic p States based on his observation of the news on TV or in t of the week. Members of the class can consolidate thei select a few issues to research. Each student should then indicating (a) the nature of the problem studied, (b) probable causes, (c) possible solutions, and (d) the likely consequences. A few of the best reports should be circulated among the might elect to engage in a class activity to help alleviate level.

On the International Scene

1. World trade provides for specialization in production as does trade within a nation. Each region or nation can thus specialize on goods which it can produce most efficiently in relation to the other regions or nations of the world. In economics this form of specialization is known as "comparative advantage."	1. Have students defend or deny this statement: "The U advantage in relation to all other countries in the producti 1861." Have student groups study and report how this coun vantage" for producing certain electronic equipment, ste small automobiles has changed with the rapid economic other nations since World War II.

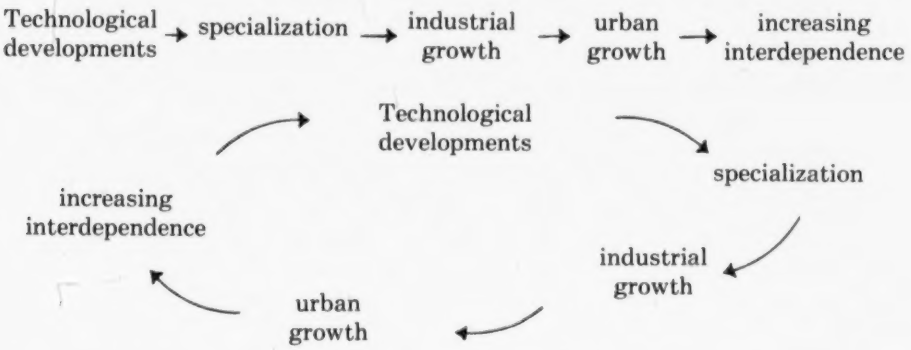
omic Ideas



t affluence, the United States
mic problems which require
m a competent citizenry.

Activities

After the discussion, have each student construct a flow chart showing the development of interdependence and provide the rationale for it. For example:



8. Ask each student to make a list of current economic problems in the United States based on his observation of the news on TV or in the newspaper every day of the week. Members of the class can consolidate their lists of problems and select a few issues to research. Each student should then write a summary report indicating
   (a) the nature of the problem studied,
   (b) probable causes,
   (c) possible solutions, and
   (d) the likely consequences.

   A few of the best reports should be circulated among the students. The students might elect to engage in a class activity to help alleviate some problem on a local level.

On the International Scene

ovides for specialization in
s trade within a nation. Each
can thus specialize on goods
e most efficiently in relation to
or nations of the world. In
n of specialization is known as
ntage."

1. Have students defend or deny this statement: "The U. S. had a comparative advantage in relation to all other countries in the production of cotton from 1835-1861."

   Have student groups study and report how this country's "comparative advantage" for producing certain electronic equipment, steel, textile products, and small automobiles has changed with the rapid economic development of several other nations since World War II.

Economic Ideas	Activities
2. International exchange of goods and services between two countries is beneficial to both because it provides more goods and services at lower costs to consumers.	2. Have students prepare a list of products around the h might not be available if it were not for world trade. the price of many other goods would be higher.
3. Exports are economic goods and services we sell to other countries. Imports are economic goods and services we buy from other countries. When the value of the goods and services which are exported exceeds the value of the goods and services which are imported, a nation experiences a "favorable" balance of trade.	3. Prepare a "U. S. Balance of Trade Chart" having t *imports*. List each of the following items under the c (a) The allowance provided an exchange student i parents in West Germany. (import) (b) Your tuition for summer classes in Barcelona. (e (c) Country music albums made in Nashville, Tenn (export) (d) The new Renault you have just purchased. (imp (e) Sale of cotton to another nation. (export) (f) Beatle albums produced in England and sold in t (g) Interest paid to Canadians on loans they have m (export) (h) Income paid to an English singer for concerts g (export) (i) Profits made by a U. S. corporation's plant in Ca
4. As a nation develops and grows, the nature and magnitude of its exports and imports changes.	4. Designate several students to research the level of c over a specific time period. To initiate this project, the of goods and services the United States (a) imports and exports today; and, (b) imported and exported from 1871-1915. Students report their findings to the class; genera around the changes in the nature and magnitude of ports during the last century.
5. Although free trade among nations tends to foster a more efficient allocation of resources and a higher standard of living, some domestic industries may have serious difficulty competing on world markets. Trade barriers in the form of protective tariffs and import quotas are supported by the argument that protection is needed for:	5. The teacher should briefly present the arguments for a let the students devise a questionnaire to be answere community (and elsewhere by mail) regarding their students may wish to ask two businessmen with opp to discuss the reasons for their opinions. Write U. S Tractor Company for opposing views on world trade c

omic Ideas

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ntries is beneficial to both
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of living, some domestic in-
serious difficulty competing on
rade barriers in the form of
and import quotas are sup-
ment that protection is needed

Activities

2. Have students prepare a list of products around the home or in the school which might not be available if it were not for world trade. Note that without imports, the price of many other goods would be higher.

3. Prepare a "U. S. Balance of Trade Chart" having two headings: *exports* and *imports*. List each of the following items under the correct heading in the chart.
   (a) The allowance provided an exchange student in the United States by his parents in West Germany. (import)
   (b) Your tuition for summer classes in Barcelona. (export)
   (c) Country music albums made in Nashville, Tennessee, and sold in England (export)
   (d) The new Renault you have just purchased. (import)
   (e) Sale of cotton to another nation. (export)
   (f) Beatle albums produced in England and sold in the United States. (import)
   (g) Interest paid to Canadians on loans they have made to American industry. (export)
   (h) Income paid to an English singer for concerts given in the United States (export)
   (i) Profits made by a U. S. corporation's plant in Canada. (import)

4. Designate several students to research the level of certain exports and imports over a specific time period. To initiate this project, the teacher could prepare a list of goods and services the United States
   (a) imports and exports today; and,
   (b) imported and exported from 1871-1915.
   Students report their findings to the class; general discussion should evolve around the changes in the nature and magnitude of American exports and imports during the last century.

5. The teacher should briefly present the arguments for and against free trade. Then, let the students devise a questionnaire to be answered by various leaders in the community (and elsewhere by mail) regarding their position on free trade. The students may wish to ask two businessmen with opposing views to come to class to discuss the reasons for their opinions. Write U. S. Steel and the Caterpillar Tractor Company for opposing views on world trade controls.

Economic Ideas	Activities
(a) new industries; (b) national defense purposes; and (c) competition from "cheaper foreign labor."	Why were the following put into effect; and in your o hinder and which help the "average American consur (a) The first U. S. tariff, July 4, 1789 (revenue) (b) Tariff of 1824 (protection of U. S. industries) (c) Quotas of sugar and coffee (to aid underdeveloped countries can export primary products) (d) The Reciprocal Trade Agreement Act, 1934 (lower (e) GATT, General Agreements on Tariffs and T barriers) (f) Present tariff on steel and quotas on wool (national Discuss the question of whether completely free trade exist.
6. In the early stages of development, nations lack the necessary capital for investment in private and social goods.	6. From 1776 to 1914 the United States was a debtor n present time, the United States has been a creditor questions: (a) Why did the U. S. borrow money from foreign sou (b) How was the borrowed money used? (c) How did the U. S. move from a debtor nation to a c (d) Is it necessarily bad to be a debtor nation? Explai
7. A *balance of payments* is an accounting statement reflecting *all transactions* of a country and its citizens with the rest of the world during a specified time, usually a year. *Balance of trade* is the relationship between a country's imports and exports of goods and services.	7. Help students differentiate between balance of paymer Then ask them: "Why have we had both a deficit ba surplus (favorable) balance of trade in recent years?"
8. Special problems in world trade arise from the fact that each country has its own money. Consequently, each nation must export to earn foreign currency needed to pay for its imports.	8. Simulate an exercise in international trade. Materia money, toy blocks to represent gold and something t products (e.g., representative pictures cut from maga only two countries in the world: Country "A" and Co sells watches, and Country "B" sells bicycles. Assume (yen) is worth twice that of "A's" ("zambee"); i.e., it obtain one yen. Watches sell for 20 zambees and bicycles

nic Ideas

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d services.

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nation must export to earn
eded to pay for its imports.

Activities

Why were the following put into effect; and in your opinion, which provisions hinder and which help the "average American consumers"?

(a) The first U. S. tariff, July 4, 1789 (revenue)
(b) Tariff of 1824 (protection of U. S. industries)
(c) Quotas of sugar and coffee (to aid underdeveloped countries, so a number of countries can export primary products)
(d) The Reciprocal Trade Agreement Act, 1934 (lower trade barriers)
(e) GATT, General Agreements on Tariffs and Trade, 1947 (lower trade barriers)
(f) Present tariff on steel and quotas on wool (national defense)

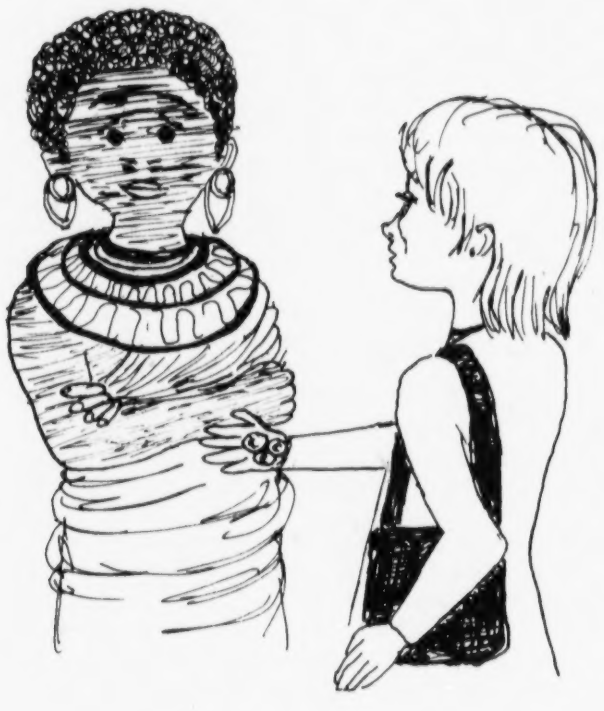
Discuss the question of whether completely free trade among nations will ever exist.

6. From 1776 to 1914 the United States was a debtor nation. From 1914 to the present time, the United States has been a creditor nation. Research these questions:
   (a) Why did the U. S. borrow money from foreign sources in the earlier period?
   (b) How was the borrowed money used?
   (c) How did the U. S. move from a debtor nation to a creditor nation?
   (d) Is it necessarily bad to be a debtor nation? Explain.

7. Help students differentiate between balance of payments and balance of trade. Then ask them: "Why have we had both a deficit balance of payments and a surplus (favorable) balance of trade in recent years?"

8. Simulate an exercise in international trade. Materials needed include paper money, toy blocks to represent gold and something to symbolize the various products (e.g., representative pictures cut from magazines). Assume there are only two countries in the world: Country "A" and Country "B." Country "A" sells watches, and Country "B" sells bicycles. Assume that "B's" monetary unit (yen) is worth twice that of "A's" ("zambee"); i.e., it will take two zambees to obtain one yen. Watches sell for 20 zambees and bicycles sell for ten yen.

Economic Ideas



Activities

Round 1. Trade of Finished Goods:

(a) Let trade begin. For example, let "B" sell "A" 10 bi watches. All transactions are on credit terms.

(b) Settle accounts. Both countries want their own money has no available supply of the other country's cu adequate gold stock. Gold sells for 40 zambees per ou "A" ten ounces of gold.

Round 2: Trade of Raw Materials Only: [Rounds 2 and 3

Assume the same two countries, "A" and "B" which pro respectively. Assume the same exchange rate and trade te materials are needed for production of each watch: 3 gea metal units. The following units of materials are needed bicycle: 2 units of rubber and 3 units of metal.

Country "B" is the only glass producer and sells glass for 3 is the only rubber producer and sells this material for 2 zamb

(a) Initially, assume that countries "A" and "B" can materials they don't produce themselves for the ma bicycles; however, assume that neither country buy (watches and bicycles).

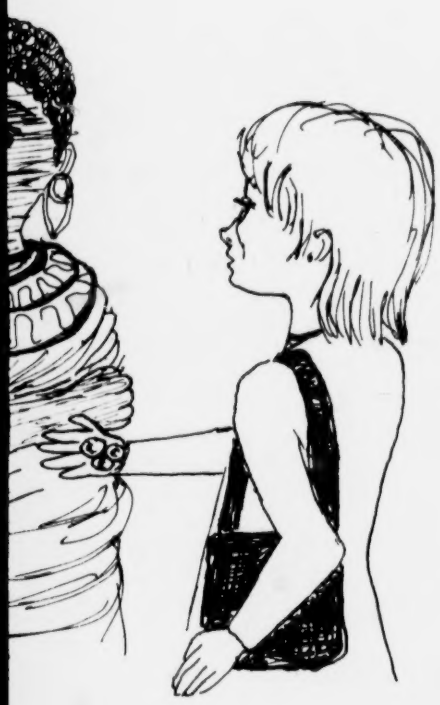
(b) Assume that during the period of this game consume watches and 5 bicycles produced within their respectiv

(c) Determine the quantity of materials needed in the watches and bicycles and allow trade between the tw the necessary raw materials.

(d) Balance accounts as in Round 1.

Round 3: Trade of Both Raw Materials and Fini Bicycles]

Assume the products, exchange rates, and trade terms a domestic sales of 5 bicycles and 5 watches as in Round 2, a and bicycles between countries as in Round 1. Roleplay th balance accounts.



Activities

Round 1. Trade of Finished Goods:

(a) Let trade begin. For example, let "B" sell "A" 10 bicycles and "A" sell "B" 30 watches. All transactions are on credit terms.

(b) Settle accounts. Both countries want their own money. Assume that each country has no available supply of the other country's currency but that each has adequate gold stock. Gold sells for 40 zambees per ounce. Solution: "B" will pay "A" ten ounces of gold.

Round 2: Trade of Raw Materials Only: [Rounds 2 and 3 are for advanced students.]

Assume the same two countries, "A" and "B" which produce watches and bicycles respectively. Assume the same exchange rate and trade terms. The following units of materials are needed for production of each watch: 3 gear units, 1 glass unit, and 2 metal units. The following units of materials are needed in the production of each bicycle: 2 units of rubber and 3 units of metal.

Country "B" is the only glass producer and sells glass for 3 yen per unit. Country "A" is the only rubber producer and sells this material for 2 zambees per unit.

(a) Initially, assume that countries "A" and "B" can buy from one another the materials they don't produce themselves for the manufacturer of watches and bicycles; however, assume that neither country buys the other's final product (watches and bicycles).

(b) Assume that during the period of this game consumers will be willing to buy 5 watches and 5 bicycles produced within their respective countries.

(c) Determine the quantity of materials needed in the production of the required watches and bicycles and allow trade between the two countries to take place for the necessary raw materials.

(d) Balance accounts as in Round 1.

Round 3: Trade of Both Raw Materials and Finished Goods [Watches and Bicycles]

Assume the products, exchange rates, and trade terms as in Round 2, the internal domestic sales of 5 bicycles and 5 watches as in Round 2, and also the sales of watches and bicycles between countries as in Round 1. Roleplay the trading activity and then balance accounts.

Activities

NOTE:

From this game, students should better understand th
the positive effect of international trade upon employ
countries, the interdependence of nations for certain
plications of a favorable or unfavorable balance of trade.

Definition of Terms

Economic development — An economic condition which exists when a nation is steadily better able to
its wants by increasing the level of per capita GNP. The increase in per capit
is prompted by changes in the technical and institutional processes of prod

Economic growth — An economic condition which exists when a nation is steadily better able to
its wants by increasing the level of per capita GNP. The increase in per capit
is prompted by increased efficiency or increased resource utilization or both.

Foreign exchange market — Financial center where foreign and domestic currency is bought and sold.

Inflation — A widespread rise in the prices of goods, services, and resources.

Social good (public good) — Goods provided by the government which help satisfy the collective wa
people. Usually the goods are such that people as individuals are unable or un
to provide them efficiently.

Specialization (division of labor) — A situation in which individuals confine their activities to making a certain p
good, or a nation confining its activities to making particular goods best suite
resources.

Activities

NOTE:

From this game, students should better understand the role of exchange rates, the positive effect of international trade upon employment and income within countries, the interdependence of nations for certain products, and some implications of a favorable or unfavorable balance of trade.

Definition of Terms

omic development — An economic condition which exists when a nation is steadily better able to satisfy its wants by increasing the level of per capita GNP. The increase in per capita GNP is prompted by changes in the technical and institutional processes of production.

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ECONOMICS

Overview

Monetary and Fiscal Policies for Stable Economic Growth

Stable economic growth has always been one of the most important national goals for the American economy. The nation's early history was characterized by periodic instability, with recession and inflation taking turns at destabilizing the economy. However, it was not until the Great Depression of the 1930's that the federal government began to assume a dominant role in stabilizing economic fluctuations.

The Employment Act of 1946 established the Council of Economic Advisors and required regular "state-of-the-economy" reports by the President. This Act pledged that the government would mold policies which would promote the nation's economic goals of full employment, adequate economic growth, and price stability with a minimum of economic fluctuation. The federal government attempts to fulfill this responsibility through an appropriate combination of monetary and fiscal policies.

Monetary Policies and Their Effects. Monetary policy refers to those actions taken by the Federal Reserve System ("The Fed") to change the rate of growth of the money supply or the cost of borrowing from the banking system, or both. In promoting economic growth and price stability, "The Fed" will engage primarily in one or all of the following three actions: (1) raise or lower reserve requirements, (2) raise or lower the discount rate, and (3) buy or sell securities on the open market. Of these three monetary "tools," open-market operations are the most frequently used because this function can be used best for fine tuning without upsetting the money markets. Mo complemented by appropriate fiscal policy for achieving stable economic growth.

Fiscal Policies and Their Effects. In an economy the federal government must also ut includes both automatic and discretionary act inflation threatens the economy, the automat are activated without the need for diagnosis government authorities. For example, in unemployment compensation payments serve consumer purchases from falling as low as the Similarly, as incomes increase, the progressive income taxes automatically require a smaller As a result, the demand for goods and se sustained. These same mechanisms automat during periods of inflation and full employm

In the use of discretionary fiscal tools, the the largest single revenue receiver and spend strategic position to promote stability in the ec tax rates and/or changing the federal spending must be supplemented by monetary policies growth requires an effective "mix" of both.

ECONOMICS

Overview

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Their Effects. Monetary policy refers to those eral Reserve System ("The Fed") to change money supply or the cost of borrowing from th. In promoting economic growth and price ngage primarily in one or all of the following ower reserve requirements, (2) raise or lower buy or sell securities on the open market. Of ols," open-market operations are the most is function can be used best for fine tuning without upsetting the money markets. Monetary policy must be complemented by appropriate fiscal policy for optimum effectiveness in achieving stable economic growth.

Fiscal Policies and Their Effects. In an effort to stabilize the economy the federal government must also utilize fiscal policy, which includes both automatic and discretionary actions. When recession or inflation threatens the economy, the automatic or built-in stabilizers are activated without the need for diagnosis and decisionmaking by government authorities. For example, in a recessionary period, unemployment compensation payments serve automatically to keep consumer purchases from falling as low as they would have otherwise. Similarly, as incomes increase, the progressive individual and corporate income taxes automatically require a smaller percentage of earnings. As a result, the demand for goods and services can be partially sustained. These same mechanisms automatically reduce spending during periods of inflation and full employment.

In the use of discretionary fiscal tools, the federal government (as the largest single revenue receiver and spender in the nation) is in a strategic position to promote stability in the economy through altering tax rates and/or changing the federal spending program. Fiscal policies must be supplemented by monetary policies, for steady economic growth requires an effective "mix" of both.

In summary, fiscal and monetary policy attempts to achieve economic growth and price stability. Implementation of the correct "mix" of monetary and fiscal policy by government authorities is necessary to achieve economic stability, for not automatically attain a high level of stability, and stable economic growth.

NOTE TO TEACHER: Depending on its length and design, the separate economics course can convey an understanding of most of the major concepts suggested throughout this abbreviated teaching guide. However, because of space limitations and to avoid redundant coverage of certain concepts, this section will deal only with fiscal and monetary policies. Such policies would be covered in any societal economics course, and their treatment here is intended only to illustrate the analytical approach which would be appropriate for other topics in this course. Proper fiscal and monetary policies can facilitate stable economic growth, in turn, will provide the resources for alleviating poverty and many other problem areas.

Other topics such as the following migh economics course: overview of the Amer functions, role of the consumer, role of labo organization, role of financial institutions manpower development, business fluctuat economic data, the process of economic dev problems, and international economics. T included will depend on the length of th objectives; however, it is strongly recomm coverage of information be avoided in fa understanding of how the dynamic America how to apply economic principles and a economic problems.

al and monetary policy attempts to achieve price stability. Implementation of the correct nd fiscal policy by government authorities is necessary to achieve economic stability, for the American economy will not automatically attain a high level of employment, general price stability, and stable economic growth.

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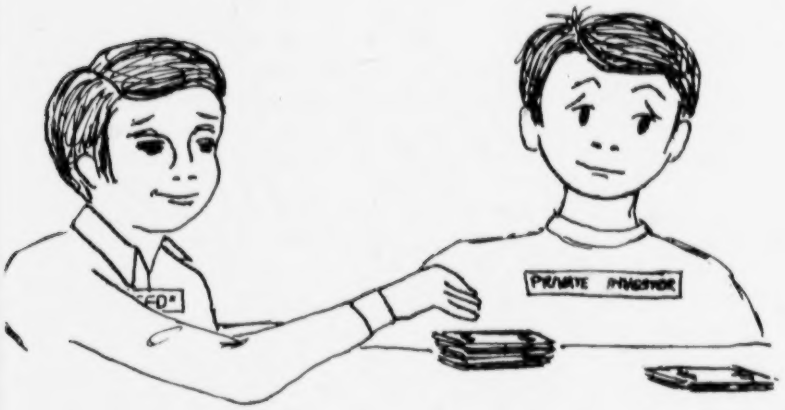
Other topics such as the following might be included in a capstone economics course: overview of the American economy and how it functions, role of the consumer, role of labor unions, forms of business organization, role of financial institutions, occupational trends and manpower development, business fluctuations, sources and uses of economic data, the process of economic development, current economic problems, and international economics. The number of topics to be included will depend on the length of the course and the teachers' objectives; however, it is strongly recommended that an encyclopedic coverage of information be avoided in favor of developing a deeper understanding of how the dynamic American economy functions and of how to apply economic principles and analysis in resolving socio-economic problems.

ECONOMICS

Monetary and Fiscal Policies for Stable Economic Growth

Economic Ideas	Activities
1. Both inflation and recession distort the allocation of resources and the levels of output, employment, income, and prices.	1. Ask students to consider the effect of inflation on the How have increases in prices altered their spending ha prices in a current catalogue with one published several Have members of the class research and discuss the fol the economist's definition of inflation? How might p affected by changes in spending habits due to inflatio employment be affected by inflation? How does inflat incomes? How does inflation hinder stable economic Assume the economy is experiencing a severe recession preceding questions in this context.
2. Controlling the money supply in order to offset the fluctuations of the economy is a function of the Federal Reserve System. Decreasing the money supply tends to curb inflation; increasing the supply tends to stimulate economic activity.	2. Conduct a class discussion to review understanding of monetary policy tools; i.e., changes in the reserve requi and open market operations. (The "Fed" can also appl and restrict borrowing for stock purchases.) Of all t market operations are the most commonly used. After st of open market operations, discuss how this action justments of the money supply. Materials needed: P $1,000 bills and imitation government treasury bills w each. Some students will function as private investors the government.



Situation A: Assume "the Fed" wishes to **decrease** the m
combat inflationary trends.

Action: "The Fed" open market committee sells securiti
cash. (Note: This action takes cash out of circul

Situation B: Assume "the Fed" wishes to **increase** the m
combat recessionary trends.

Action: "The Fed" open market committee buys secu
cash. (Note: This money is now back in circulat
activity. Perhaps it will enable the banking
ditional money in the manner shown in Activity

ECONOMICS

Monetary and Fiscal Policies for Stable Economic Growth

nomic Ideas

recession distort the allocation
the levels of output, em-
and prices.

oney supply in order to offset
the economy is a function of
rve System. Decreasing the
ls to curb inflation; increasing
o stimulate economic activity.

Activities

1. Ask students to consider the effect of inflation on their own buying decisions. How have increases in prices altered their spending habits? If possible, compare prices in a current catalogue with one published several years ago.

   Have members of the class research and discuss the following questions. What is the economist's definition of inflation? How might price levels and income be affected by changes in spending habits due to inflation? How might output and employment be affected by inflation? How does inflation affect people on fixed incomes? How does inflation hinder stable economic growth?

   Assume the economy is experiencing a severe recession or depression. Answer the preceding questions in this context.

2. Conduct a class discussion to review understanding of the "Fed's" three major monetary policy tools; i.e., changes in the reserve requirement, the discount rate, and open market operations. (The "Fed" can also apply selective credit controls and restrict borrowing for stock purchases.) Of all the monetary tools, open market operations are the most commonly used. After students roleplay the effect of open market operations, discuss how this action can produce delicate adjustments of the money supply. Materials needed: Paper money representing $1,000 bills and imitation government treasury bills with a face value of $1,000 each. Some students will function as private investors and others will represent the government.

   Situation A: Assume "the Fed" wishes to **decrease** the money supply slightly to combat inflationary trends.

   Action: "The Fed" open market committee sells securities and receives investors' cash. (Note: This action takes cash out of circulation.)

   Situation B: Assume "the Fed" wishes to **increase** the money supply slightly to combat recessionary trends.

   Action: "The Fed" open market committee buys securities and pays investors cash. (Note: This money is now back in circulation to stimulate economic activity. Perhaps it will enable the banking system to "create" additional money in the manner shown in Activity 3.)

Economic Ideas	Activities
3. An adequate supply of money is essential for economic stability. Commercial banks have the capacity to "create" or "destroy" money through their lending practices. The creation of new demand deposits through these lending practices is the most important source of money expansion in our economy.	3. Have students roleplay the mechanics by which the money. Different students can be designated to repr other students can function as depositors and borrov deposit and a 20 per cent reserve requirement and depositing and lending such as follows until the syster the initial $1,000 deposit:

Money Creation by the Entire Banking

Banks	Deposits	Rese
First National Bank of McAlester	$1000.00	
National Bank of Tulsa	800.00	
Liberty National Bank, Oklahoma City	640.00	
Stillwater National Bank	512.00	
All other banks together	2,048.00	
Total	$5,000.00	

(The class can continue the sequence of depositing ar they understand how the fractional reserve system w to a 10 per cent reserve requirement and note tha money can be generated.) The teacher can prepare following to describe the initial chain of events that m deposit and a 20 per cent reserve rate: James Smith, National Bank of McAlester to deposit $1,000 in cas now has additional money to loan, so the bank lends used car and puts the required $200 in its own reserv to the Honest John's Used Car Company and writes to Honest John, who deposits Mr. Adams' check National Bank of Tulsa. With $800 in a new deposit, lends $640 to Mr. Brown for a color television set a $800) in reserve. Mr. Brown purchases the color Television Company, which is deposited in Acm National Bank, Oklahoma City. This bank — the Lib $512 to Mr. Case for college expenses and put $128 Case pays the $512 to Oklahoma State University. check in the Stillwater National Bank, which hand

nomic Ideas

pply of money is essential for
. Commercial banks have the
e" or "destroy" money through
actices. The creation of new
hrough these lending practices
tant source of money expansion

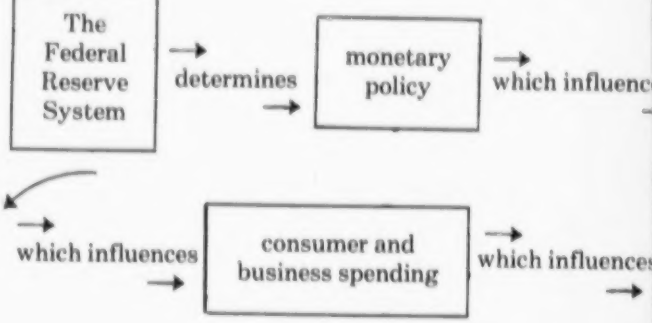
Activities

3. Have students roleplay the mechanics by which the banking system can create money. Different students can be designated to represent separate banks, and other students can function as depositors and borrowers. Assume a new $1,000 deposit and a 20 per cent reserve requirement and a sequence of subsequent depositing and lending such as follows until the system achieves maximum use of the initial $1,000 deposit:

Money Creation by the Entire Banking System

Banks	Deposits	Reserves	Loans
First National Bank of McAlester	$1000.00	$200.00	$800.00
National Bank of Tulsa	800.00	160.00	640.00
Liberty National Bank, Oklahoma City	640.00	128.00	512.00
Stillwater National Bank	512.00	102.40	409.60
All other banks together	2,048.00	409.60	1,638.40
Total	$5,000.00	$1,000.00	$4,000.00

(The class can continue the sequence of depositing and borrowing until it is clear they understand how the fractional reserve system works. Then, change the rules to a 10 per cent reserve requirement and note that twice as much additional money can be generated.) The teacher can prepare a narrative similar to the following to describe the initial chain of events that might occur with a new $1,000 deposit and a 20 per cent reserve rate: James Smith, a student, goes to the First National Bank of McAlester to deposit $1,000 in cash. The First National Bank now has additional money to loan, so the bank lends $800 to Mr. Adams to buy a used car and puts the required $200 in its own reserve account. Mr. Adams goes to the Honest John's Used Car Company and writes a check on his bank account to Honest John, who deposits Mr. Adams' check in his own account in the National Bank of Tulsa. With $800 in a new deposit, the National Bank of Tulsa lends $640 to Mr. Brown for a color television set and puts $160 (20 per cent of $800) in reserve. Mr. Brown purchases the color television set at the Acme Television Company, which is deposited in Acme's account in the Liberty National Bank, Oklahoma City. This bank — the Liberty National Bank — loans $512 to Mr. Case for college expenses and put $128 in its reserve account. Mr. Case pays the $512 to Oklahoma State University, which deposits Mr. Case's check in the Stillwater National Bank, which handles one of the university ac-

Economic Ideas	Activities
	counts. With the new deposit of $512 Stillwater National protects its twenty per cent legal reserve requirement by reserve account. Conversely, the class might trace the negative effect of cash. How can the reserve requirement be altered to counter a recessionary trend?
4. The Federal Reserve System can influence the availability of credit to a limited degree by adjusting the discount or interest rate it charges member banks who borrow from it.	4. The impact of the Fed's "interest charge" to member ba banks are expected to operate so that they don't need to temporary or unusual cash drains. A local banker should b discount rate and the reserve requirement as they affect (Perhaps develop a directory of effective local speakers.
5. Fluctuations in the interest rate and the availability of bank credit affect both the spending and saving decisions of society. These fluctuations influence consumer buying and business investment decisions which ultimately determine levels of output, employment, income, and prices.	5. Economic fluctuations can be partially stabilized by the which operates through a series of cause and effect relat understand this chain effect by illustrating and discuss diagram. 
6. Fiscal policy is designed to help stabilize the economy through appropriate changes in government taxing and spending.	6. Ask each student to examine fiscal policy by studying th and tax rates or levels of government spending in recent y student should prepare a report on how one or more tool been applied and on how effective and appropriate this students volunteer to be panel members and report discussion should then center around the "pros" and "co actions to promote economic growth and price stability. D Viet Nam made objectives of fiscal policy more difficult to a

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e System can influence the
t to a limited degree by ad-
or interest rate it charges
borrow from it.

e interest rate and the
k credit affect both the
decisions of society. These
ce consumer buying and
decisions which ultimately
utput, employment, income,

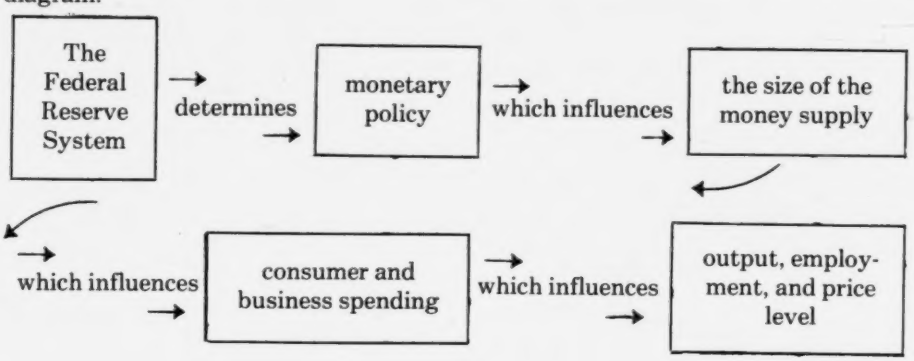
gned to help stabilize the
appropriate changes in
nd spending.

Activities

counts. With the new deposit of $512 Stillwater National Bank loans $409.60 and protects its twenty per cent legal reserve requirement by putting $102.40 in its reserve account.
Conversely, the class might trace the negative effect of a $1,000 withdrawal of cash.
How can the reserve requirement be altered to counter an inflationary trend? a recessionary trend?

4. The impact of the Fed's "interest charge" to member banks is limited because banks are expected to operate so that they don't need to borrow except to meet temporary or unusual cash drains. A local banker should be invited to discuss the discount rate and the reserve requirement as they affect his bank's operation. (Perhaps develop a directory of effective local speakers.)

5. Economic fluctuations can be partially stabilized by the use of monetary policy which operates through a series of cause and effect relations. Help students to understand this chain effect by illustrating and discussing the following flow diagram.



6. Ask each student to examine fiscal policy by studying the federal tax structure and tax rates or levels of government spending in recent years. In each case the student should prepare a report on how one or more tools of fiscal policy have been applied and on how effective and appropriate this policy has been. Let students volunteer to be panel members and report their findings. Class discussion should then center around the "pros" and "cons" of previous fiscal actions to promote economic growth and price stability. Discuss how the war in Viet Nam made objectives of fiscal policy more difficult to accomplish.

Economic Ideas	Activities
7. Monetary and fiscal tools must be skillfully applied to offset economic fluctuations. Monetary policy is generally more effective in fighting inflation; whereas fiscal policy is more effective in fighting depression. Each policy must be complemented by the other in the right "doses" for optimum effectiveness. Inappropriate application of monetary and fiscal tools may have destablilzing effects on the economy.	7. Have students read about the Depression of the 193 include information on the Hoover administration ar "Human interest" stories and political cartoons publis included also. Have the class discuss the monetary a were implemented and other measures which would example, have the students speculate on the probable Act of 1946 had it been passed in 1926. Distribute copies of the following page. As a class natives, and have each student determine the appro fiscal tools for counteracting the inflation. The disc sideration of the destablishing effect which inappropri the economy. How might the monetary and fiscal actions influenc unemployment, poverty, urban renewal, and the qualit

nomic Ideas

scal tools must be skillfully conomic fluctuations. Monetary ly more effective in fighting fiscal policy is more effective in on. Each policy must be com- other in the right "doses" for ness. Inappropriate application nd fiscal tools may have cts on the economy.

Activities

7. Have students read about the Depression of the 1930's. Their readings should include information on the Hoover administration and Roosevelt's New Deal. "Human interest" stories and political cartoons published in the 1930's should be included also. Have the class discuss the monetary and fiscal measures which were implemented and other measures which would have been desirable. For example, have the students speculate on the probable impact of the Employment Act of 1946 had it been passed in 1926.

   Distribute copies of the following page. As a class activity discuss the alternatives, and have each student determine the appropriate use of monetary and fiscal tools for counteracting the inflation. The discussion should include consideration of the destablishing effect which inappropriate decisions could have on the economy.

   How might the monetary and fiscal actions influence other problems such as unemployment, poverty, urban renewal, and the quality of the environment?

HANDOUT:

The goals of the American economy are a high level of employment, stable economic growth, and general price stability. However, the country is faced with mounting inflation. Consider the following analogy. Think of the economy as a giant airplane and imagine yourself as the pilot. The control panel of your plane consists of levers which represent monetary and fiscal controls. In reality the monetary controls are operated by the Board of Governors of the Federal Reserve System; the manual fiscal controls are operated by the executive and legislative branches of the government.

However, you are to make all of the decisions. Your plane is caught on the edge of a huge stormcloud known as inflation. If your plane continues on its present course, the storm (inflation) is bound to worsen and thereby threaten the safety of your airplane, its crew and passengers. What alternatives are open to you as possible maneuvers to help you get out of this storm?

To the right is an illustration of your control panel. Assume the control panel is set for sustained flight under fair weather conditions before encountering the storm (inflation). Indicate whether you would increase (↑), decrease (↓) or not use (–) each manual control to save your plane (the economy) from the storm (inflation). Also indicate whether the automatic pilot controls (each automatic fiscal control) will increase or decrease in response to the storm. Actually these "controls" are known as automatic or built-in stabilizers because they move to counter the effects of the business cycle without the need for direct intervention by the policymakers.

ACTIONS TO BATTLE THE CLOUD OF INFL

MANUAL CONTROLS

MONETARY CONTROLS

☐ Higher ☐ Lower	☐ Higher ☐ Lower	☐ Sell more ☐ Buy more	☐ Higher ☐ Lower	☐ Easier $ ☐ Tighter $	☐ Eas ☐ Tig
Reserve Rate	Discount Rate	Open Market Operations	Margin Requirements	Moral Persuasion	Credi Regula tions o Consur Durabl

FISCAL CONTROLS

☐ Higher ☐ Lower	☐ Higher ☐ Lower	☐ Many ☐ None	☐ Su ☐ De
Tax Rate	Defense Spending	Public Works Projects	Budg Pract

AUTOMATIC FISCAL CONTROLS

☐ Higher ☐ Lower	☐ Higher ☐ Lower	☐ Higher ☐ Lower
Personal Income Tax	Corporate Income Tax	Unemployment Compensation

Illustration of Control Panel

erican economy are a high level
economic growth, and general
er, the country is faced with
nsider the following analogy.
s a giant airplane and imagine
ne control panel of your plane
represent monetary and fiscal
monetary controls are operated
rnors of the Federal Reserve
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make all of the decisions. Your
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whether the automatic pilot
fiscal control) will increase or
the storm. Actually these
as automatic or built-in
move to counter the effects of
nout the need for direct in-
ymakers.

ACTIONS TO BATTLE THE CLOUD OF INFLATION

MANUAL CONTROLS

MONETARY CONTROLS

Reserve Rate	Discount Rate	Open Market Operations	Margin Requirements	Moral Persuasion	Credit Regulations on Consumer Durables	Credit Regulations on Housing
☐ Higher ☐ Lower	☐ Higher ☐ Lower	☐ Sell more ☐ Buy more	☐ Higher ☐ Lower	☐ Easier $ ☐ Tighter $	☐ Easier $ ☐ Tighter $	☐ Easier $ ☐ Tighter $

FISCAL CONTROLS

Tax Rate	Defense Spending	Public Works Projects	Budgeting Practices
☐ Higher ☐ Lower	☐ Higher ☐ Lower	☐ Many ☐ None	☐ Surplus ☐ Deficit

AUTOMATIC FISCAL CONTROLS

Personal Income Tax	Corporate Income Tax	Unemployment Compensation
☐ Higher ☐ Lower	☐ Higher ☐ Lower	☐ Higher ☐ Lower

Illustration of Control Panel

Definition of Terms

Depression – A situation which extends over a relatively long time period when business activity is exceptionally slow. Main traits of the period are low prices, low profits, low production, and high unemployment.

Discount rate – The interest rate a commercial bank must pay to borrow money from a federal reserve bank.

Economic growth – An economic condition which exists when a nation is steadily better able to satisfy its wants by increasing the level of per capita GNP. The increase in per capita GNP is prompted by increased efficiency or increased resource utilization or both.

Financial institution – Businesses, such as banks, credit associations, savings and loan, insurance, and mortgage companies, engaged in the economic activity of borrowing savings of individuals and businesses and, in turn, lending the monies to other individuals and businesses.

Fractional reserve system – A plan that requires commercial banks in the United States to hold a stated portion of their deposits as reserves. Under this system commercial banks can make loans and therefore create additional money.

Inflation – A widespread rise in the prices of goods, services, and resources.

Open market operations – The buying and selling of government securities by federal reserve banks under the direction and regulations of the Federal Open Market Committee to promote economic stability.

Recession – A situation in which business activity is slowing down or contracting. Primary traits of the period are decreasing prices, decreasing profits, and increasing unemployment.

Reserve requirement – The relationship of the amount of money a commercial bank must retain in a reserve account with a federal reserve bank plus vault cash to total demand deposits.

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ECONOMICS IN THE BUSINESS EDUCATION CURRICULUM

Overview

There are two general approaches to the inclusion of economic education in the business curriculum. One approach is through the offering of course(s) in economics; the other is through the integration of subject matter of an economic nature in existing courses. These two approaches are complementary rather than mutually exclusive. The ideal approach would include integration of relevant economic concepts and at least a one-semester capstone course in general economics at the twelfth-grade level.

The modern philosophy of business education encompasses both the vocational objective **and** the general education objective. Thus, today we have a dual objective philosophy involving education **for** business and education **about** business and our economic system. One objective is met through the specialized or vocational phase of the business curriculum which prepares youngsters for employment in office or distributive occupations. The other objective is met through the general education phase of business education, often called basic or social business education. The list of subjects offered to meet this objective includes general business, consumer economics, business law, business organization and management, advanced basic business, economics and economic geography. Few subjects, but a large majority offer gener

While some economic concepts are offe subjects, the major contribution of busin education is made through the basic b economic education is the real objective of emphasis differs according to the nature o basic business subjects. Some emphasize others stress societal concepts.

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n. The list of subjects offered to meet this
l business, consumer economics, business law,
and management, advanced basic business, economics and economic geography. Few schools offer all of these subjects, but a large majority offer general business.

While some economic concepts are offered through the vocational subjects, the major contribution of business education to economic education is made through the basic business subjects. In fact, economic education is the real objective of basic business although the emphasis differs according to the nature of the content of the various basic business subjects. Some emphasize personal economics, while others stress societal concepts.

Several of the vocational business subjects, however, do offer opportunities for the inclusion of economic topics. For example, bookkeeping or accounting, normally taught with a vocational emphasis, contains many units into which economic understandings may be incorporated. A few will be mentioned here.[1]

[1] Additional examples along with suggestions for implementation may be found in Chapter 9, *A Teachers Guide to Economics in the Business Education Curriculum,* (See Bibliography, p. 117).

With the teaching of the income statement, the following economic concepts concerning profits may be developed: (a) profit is a reward for initiative and risk bearing, but unexpected losses may occur instead; (b) profit is the motivator of our economic system.

With the study of credit in connection with purchases or sales of merchandise on account, an analysis of the following points would be appropriate: (a) credit in its relation to purchasing power; (b) the effect of credit transactions on the price level; (c) credit as a factor in economic stability and growth.

In the units dealing with taxes and payrolls, students may gain insights such as the following: (a) businesses as well as individuals pay large sums of money each year in taxes; (b) government budget policy, if appropriately developed, can play an important stabilizing role in the economy; (c) it is a fundamental responsibility of every citizen to participate constructively in economic decisionmaking by governments.

In the accounting subject matter dealing with forms of business organization, the capable teacher can help students better understand that: (a) specialized needs of our society call for different forms of business organization; (b) business men adopt that form of organization which seems best for helping them to organize and carry on their particular activities; (c) separation of ownership and control in large corporations has resulted in a new type of decisionmaking based upon stewardship of expert managers.

Some understanding of the economic imp**mation** can be achieved along with the stu depreciation, and disposal of fixed assets. For i of capital, or man-made aids to production production of goods and services; (b) saving necessary in our economy to provide those variations in the amount of investment in capit effects on the total economy.

Newer textbooks in typewriting and sh material that is of an economic nature. A seri typewriting and a series of transcription letters include economic understandings.[2] Instruct may be either general or vocational. However, a the effects of automation on both business and understood by everyone.

General business is the most popular of the The objectives and content of this course hav through the years from the initial emphasi training" to the emphasis today on both person concepts as a part of general education. Mod recognize the value of following the developme abilities with study and understanding of broad the senior level. On the following pages is economic concepts in suggested units related course.[3]

[2] See Items 1 and 3 in bibliography, p. 117

[3] See Item 4 in bibliography, p. 117

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fits may be developed: (a) profit is a reward for
ng, but unexpected losses may occur instead;
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teacher can help students better understand
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(b) business men adopt that form of
s best for helping them to organize and carry
ies; (c) separation of ownership and control in
sulted in a new type of decisionmaking based
ert managers.

Some understanding of the economic importance of **capital formation** can be achieved along with the study of the acquisition, depreciation, and disposal of fixed assets. For instance: (a) many kinds of capital, or man-made aids to production, are essential for the production of goods and services; (b) savings and investments are necessary in our economy to provide those tools of production; (c) variations in the amount of investment in capital goods have important effects on the total economy.

Newer textbooks in typewriting and shorthand contain some material that is of an economic nature. A series of timed writings for typewriting and a series of transcription letters have been developed to include economic understandings.[2] Instruction in data processing may be either general or vocational. However, a basic understanding of the effects of automation on both business and the individual should be understood by everyone.

General business is the most popular of the basic business subjects. The objectives and content of this course have changed significantly through the years from the initial emphasis on "junior business training" to the emphasis today on both personal and societal economic concepts as a part of general education. Modern business educators recognize the value of following the development of personal skills and abilities with study and understanding of broader economic concepts at the senior level. On the following pages is a brief presentation of economic concepts in suggested units related to the general business course.[3]

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[2] See Items 1 and 3 in bibliography, p. 117

[3] See Item 4 in bibliography, p. 117

ECONOMICS IN THE BUSINESS EDUCATION CURRICULUM

Money and Banking Services

Economic Ideas	Activities
1. Today money consists of coins, paper money called currency, and demand deposits in banks called "checkbook money."	1. Ask if any students have demand deposits. Then ask account, and discuss the process by which funds ar account. Ask the students whether demand deposit students defend their answers. Then culminate the coins, paper money, and demand deposits are all money the form of demand deposits. (Deposits in savings "near money" because they are less readily available th Review the functions of money; e.g., a medium of exc standard of value.
2. Banks can increase the immediate purchasing power of individuals and businesses by granting them loans.	2. Have a few students interview a loan officer at a l procedure and factors involved in making business lo then relate their findings to the rest of the class throug additional purchasing power which resulted from the l economy.
3. The real cost of borrowing money is the future purchasing power one must give up plus the additional cost of paying interest for borrowed funds.	3. Have the role players (in Activity No. 2) illustrate th not only the amount of the loan plus interest but also goods and services because future income is obligat Then, discuss how a business may be able to increa "credit leverage," such as by borrowing money at 6% rate. Consider limitations and advantages of borrowing
4. Our banking system provides a mechanism by which the supply of money can be expanded or contracted to meet the needs of our economy.	4. Use Activity No. 3, Page 102, in the economics unit, wh how banks are able to expand or contract the money s individuals with names of businesses; and in place of names of products appropriate for the businesses t supplies or raw materials for manufacturing).

ECONOMICS IN THE BUSINESS EDUCATION CURRICULUM

Money and Banking Services

onomic Ideas	Activities
onsists of coins, paper money and demand deposits in banks ok money."	1. Ask if any students have demand deposits. Then ask if anyone has a checking account, and discuss the process by which funds are deposited in a checking account. Ask the students whether demand deposits are "money," and have students defend their answers. Then culminate the discussion by noting that coins, paper money, and demand deposits are all money and that most money is in the form of demand deposits. (Deposits in savings accounts are often termed "near money" because they are less readily available than demand deposits.) Review the functions of money; e.g., a medium of exchange, store of value, and standard of value.
ease the immediate purchasing luals and businesses by granting	2. Have a few students interview a loan officer at a local bank to discover the procedure and factors involved in making business loans. Have the interviewers then relate their findings to the rest of the class through role playing. Discuss the additional purchasing power which resulted from the loans and its impact on the economy.
f borrowing money is the future ver one must give up plus the of paying interest for borrowed	3. Have the role players (in Activity No. 2) illustrate that borrowing money costs not only the amount of the loan plus interest but also certain future purchases of goods and services because future income is obligated to paying off the loan. Then, discuss how a business may be able to increase its net income through "credit leverage," such as by borrowing money at 6% and using it to earn a 12% rate. Consider limitations and advantages of borrowing by businesses.
ystem provides a mechanism by ly of money can be expanded or neet the needs of our economy.	4. Use Activity No. 3, Page 102, in the economics unit, which is a detailed account of how banks are able to expand or contract the money supply. Substitute names of individuals with names of businesses; and in place of consumer goods, substitute names of products appropriate for the businesses to purchase (such as office supplies or raw materials for manufacturing).

Economic Ideas

1. The budget is an estimate of all income and expenditures for a given period of time (including borrowed money and interest plus principal payments).

Activities

5. Other activities which might be considered:
   (a) Field trips to financial institutions (not limited to co
   trips need not include the entire class but may be com
   (b) Preparation of chart showing the major flow of mone
   community.
   (c) Preparation of a chart showing how the value of th
   over a period of time. Have a student bring both an o
   and a new one to class so that prices "then and now"
   (d) Such questions or problems as the following might
   reports, panel discussions, or general class discuss
   1) How do (1) upward and (2) downward changes in t
   economic status of different social groups?
   2) If prices rise by, say 50%, what does this mean ar
   effect on the value of money?
   3) How much money is enough or when is there too m
   4) How are creditors and their income affected by inf
   5) How does the Federal Reserve System try to stab
   economy?
   6) Why do interest rates usually rise when the price l
   7) Why does the Federal Reserve System encourage
   loans?
   8) How are bank loans and deposits related?
   (e) Students check newspapers and periodicals for rel

Using Credit Wisely

1. Have each student select an imaginary salary he expects t
and have him prepare a personal financial budget of his
expenditures for a year. The budget should reflect eac
considered value judgment about goods and services that
him after the basic food, clothing, and shelter needs have be
taxes, family commitments, charity contributions, etc. T
present their respective budgets for class discussion. Have
plans to borrow from financial institutions (perhaps via
"pay-as-you-go" budget. He should report the interest cos
total additional cost of purchased items when he uses credi
credit in relation to the level and certainty of income. Ar
emergencies?

ic Ideas

stimate of all income and
en period of time (including
d interest plus principal

Activities

5. Other activities which might be considered:
   (a) Field trips to financial institutions (not limited to commercial banks). Such trips need not include the entire class but may be committee activities.
   (b) Preparation of chart showing the major flow of money payments in the local community.
   (c) Preparation of a chart showing how the value of the dollar has fluctuated over a period of time. Have a student bring both an old mail order catalogue and a new one to class so that prices "then and now" can be compared.
   (d) Such questions or problems as the following might be suitable for student reports, panel discussions, or general class discussions:
      1) How do (1) upward and (2) downward changes in the price level affect the economic status of different social groups?
      2) If prices rise by, say 50%, what does this mean and what is the probable effect on the value of money?
      3) How much money is enough or when is there too much or too little?
      4) How are creditors and their income affected by inflation?
      5) How does the Federal Reserve System try to stabilize price levels in the economy?
      6) Why do interest rates usually rise when the price level increases?
      7) Why does the Federal Reserve System encourage member banks to make loans?
      8) How are bank loans and deposits related?
   (e) Students check newspapers and periodicals for related information.

Using Credit Wisely

1. Have each student select an imaginary salary he expects to be earning at age 21 and have him prepare a personal financial budget of his expected income and expenditures for a year. The budget should reflect each student's carefully considered value judgment about goods and services that are most important to him after the basic food, clothing, and shelter needs have been fulfilled. Include all taxes, family commitments, charity contributions, etc. Then select students to present their respective budgets for class discussion. Have the student justify his plans to borrow from financial institutions (perhaps via credit cards) versus a "pay-as-you-go" budget. He should report the interest cost of borrowing and the total additional cost of purchased items when he uses credit. Consider the level of credit in relation to the level and certainty of income. Are provisions made for emergencies?

Economic Ideas	Activities
2. An individual or family uses consumer credit to supplement current income. These borrowed funds increase the current purchasing power of the individual or family, but are a claim against future income.	2. Have students list purposes for which persons borrov Then have student groups prepare two-part situati realistic circumstances wherein (a) it *would* seem desi seem desirable for persons to borrow for each of the pu students. In doing their reports, student groups wou with loan officers of local financial institutions. Follow reports, the students should be able to prepare concl concerning the various uses of credit.
3. An individual or family may borrow money or obtain goods and services on credit from many sources.	3. Ask students to collect information about the kinds of that extend credit (e.g., commercial banks, savings a unions, consumer finance companies, pawn shops, loans, etc.). Develop a procedure whereby students ca from the various institutions. Include payment requi advance payments, etc.
4. Creditors (or lenders) are willing to forego current purchasing power in order to gain additional future income in the form of interest. Debtors (or borrowers) are willing to repay the principal amount plus interest in order to increase present purchasing power.	4. Explain the statement "One man's debt is another ma Have a panel discuss the importance and uses of cre pointing out some of the similarities and differences be a business and how it is used by individuals. Prepare charts of the federal debt, GNP, and total p over a period of time and discuss the changes in their r Prepare charts comparing the trend in the federal d state and local debt in recent years. Request supplementary films and educational mat associations; e.g., the Oklahoma Bankers Associatio Finance Association, and the Oklahoma Savings and L Have a student committee determine why the costs o to time and relate this phenomenon to the reason wh services fluctuate. (Solution: All prices are largely det of supply and demand.) Ask the class to consider availability of high risk loans if the government were t could be no higher than 5 per cent.

nomic Ideas

r family uses consumer credit to rrent income. These borrowed he current purchasing power of r family, but are a claim against

r family may borrow money or nd services on credit from many

ders) are willing to forego current er in order to gain additional the form of interest. Debtors (or willing to repay the principal erest in order to increase present er.

Activities

2. Have students list purposes for which persons borrow money or buy on credit. Then have student groups prepare two-part situational reports setting forth realistic circumstances wherein (a) it *would* seem desirable and (b) it *would not* seem desirable for persons to borrow for each of the purposes previously listed by students. In doing their reports, student groups would benefit from discussions with loan officers of local financial institutions. Following class discussion on the reports, the students should be able to prepare conclusions and generalizations concerning the various uses of credit.

3. Ask students to collect information about the kinds of institutions in a local city that extend credit (e.g., commercial banks, savings and loan associations, credit unions, consumer finance companies, pawn shops, firms granting installment loans, etc.). Develop a procedure whereby students can compare the cost of credit from the various institutions. Include payment requirements, any penalties for advance payments, etc.

4. Explain the statement "One man's debt is another man's asset."

   Have a panel discuss the importance and uses of credit in business enterprises, pointing out some of the similarities and differences between how credit is used by a business and how it is used by individuals.

   Prepare charts of the federal debt, GNP, and total personal and corporate debt over a period of time and discuss the changes in their relative proportions.

   Prepare charts comparing the trend in the federal debt with the trend in total state and local debt in recent years.

   Request supplementary films and educational materials from state financial associations; e.g., the Oklahoma Bankers Association, the Oklahoma Consumer Finance Association, and the Oklahoma Savings and Loan League.

   Have a student committee determine why the costs of credit fluctuate from time to time and relate this phenomenon to the reason why prices of other goods and services fluctuate. (Solution: All prices are largely determined by the basic forces of supply and demand.) Ask the class to consider what would happen to the availability of high risk loans if the government were to declare that interest rates could be no higher than 5 per cent.

Economic Ideas	Activities
5. Legislation provides for some consumer protection from credit abuses; but this support must be buttressed with consumer competency if abuses are to be eliminated.	5. Show the film "There Ought to be a Law," a 30-minut describing the Uniform Consumer Credit Code (UCCC) i can be ordered from the Director of Education, Departmen 3033 N. Walnut, East Bldg., Room 213, Oklahoma City, the Education Director how and why Oklahoma's UC consumer protection than is required by the Federal T which became law on July 1, 1969. Have the class discuss UCCC and of other protective legislation for helping peopl their legal rights or of assistance available when their rig Because of this problem, the UCCC required that the De Affairs carry out an educational program to make Okl aware of their rights and privileges. At the conclusion of this unit, have the class discuss what traits they consider necessary for consumer competenc considered might be salary protection insurance, the impli etc.
	Saving and Investment
1. Personal savings result when an individual earns more income than he spends for all goods, services, and taxes.	1. Present the following hypothetical situation to the class f buries savings in a tin can in his backyard. Another ma bank which pays him interest for the use of his money. W man's actions on the economy?
2. A person's inclination to save or spend is influenced by his level of income, family responsibilities, personal tastes and preferences, expectations of future needs and income, and the general economic condition of the nation.	2. Have the class enumerate characteristics of two hypothetic significantly in number of members, age and sex compositi geographic location, etc. Then have the class members d these factors on savings and project the amount of mont would consider appropriate for each family.
3. Specialized financial institutions provide the saver considerable security and pay a moderate rate of interest for his money while channeling the savings into higher risk business investments.	3. Have the class compile a list of financial institutions in th assign student committees to interview an officer of each secure operational information such as (a) the institution's primary source of funds and how much it pays for the us what extent its depositor's funds are guaranteed; (d) ho available funds and the interest rates it currently charg

Economic Ideas

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with consumer competency if
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needs and income, and the
ndition of the nation.

l institutions provide the
ecurity and pay a moderate
s money while channeling the
risk business investments.

Activities

5. Show the film "There Ought to be a Law," a 30-minute, free-loan color film describing the Uniform Consumer Credit Code (UCCC) in Oklahoma. This film can be ordered from the Director of Education, Department of Consumer Affairs, 3033 N. Walnut, East Bldg., Room 213, Oklahoma City, Oklahoma 73105. Ask the Education Director how and why Oklahoma's UCCC provides for more consumer protection than is required by the Federal Truth in Lending Act, which became law on July 1, 1969. Have the class discuss the limitations of the UCCC and of other protective legislation for helping people who are not aware of their legal rights or of assistance available when their rights have been violated. Because of this problem, the UCCC required that the Department of Consumer Affairs carry out an educational program to make Oklahoma citizens better aware of their rights and privileges.

   At the conclusion of this unit, have the class discuss what knowledge, skills, and traits they consider necessary for consumer competency. Among the topics considered might be salary protection insurance, the implications of bankruptcy, etc.

Saving and Investment

1. Present the following hypothetical situation to the class for discussion. One man buries savings in a tin can in his backyard. Another man deposits money in a bank which pays him interest for the use of his money. What is the effect of each man's actions on the economy?

2. Have the class enumerate characteristics of two hypothetical families which differ significantly in number of members, age and sex composition, the level of income, geographic location, etc. Then have the class members discuss the influence of these factors on savings and project the amount of monthly savings which they would consider appropriate for each family.

3. Have the class compile a list of financial institutions in the community and then assign student committees to interview an officer of each type of institution to secure operational information such as (a) the institution's major function; (b) its primary source of funds and how much it pays for the use of these funds; (c) to what extent its depositor's funds are guaranteed; (d) how it primarily invests available funds and the interest rates it currently charges for various kinds of

Economic Ideas

4. From the viewpoint of the economy as a whole, investment means spending money to produce new capital goods. (The savings of individuals and business organizations make capital investment possible.)

Activities

loans; (e) what, if any, relations it has with other type
the community; (f) what relations it has with fina
cities; (g) how it is regulated by government agencies
are affected by general economic conditions such as

After the committees report their findings, ask the stu
on why we have so many different types of financi
rates differ on various business and personal loans,
collectively serve the interests of both individua
trepreneurs. The students should observe that fina
better able than individual savers to analyze and h
potential risk involved in personal loans or business in

Ask each student to recommend what a family should
doesn't expect to spend within a year. Then ask the cl
would change if the $5,000 were not needed for 3 m
years. The students should defend their answers. Note
accept higher risks for the opportunity of progressivel

Review new terms that are learned during this acti
opportunities in financial institutions. Consider a bul
on "Saving in our Community and its Effect on Econo

4. Have the students list as many different types of pr
they can.

Prepare bulletin board displays showing and contra
consumers' goods.

Assign the following topics to student committ
discussions: (a) The difference between consumer go
goods; (b) the economic effects (on society) of an indi
himself (a consumer good) versus a business firm's b
or expanded plant (a capital good); (c) the economi
dividual's buying a share of previously issued stock i
or General Motors and the investment by a business
the economic difference between the decision by an in
versus a decision to purchase a home that was built in

Economic Ideas

oint of the economy as a whole, ans spending money to produce ods. (The savings of individuals organizations make capital in- ble.)

Activities

loans; (e) what, if any, relations it has with other types of financial institutions in the community; (f) what relations it has with financial institutions in larger cities; (g) how it is regulated by government agencies; and (h) how its operations are affected by general economic conditions such as inflation or unemployment.

After the committees report their findings, ask the students to write a brief report on why we have so many different types of financial institutions, why interest rates differ on various business and personal loans, and how these institutions collectively serve the interests of both individual saver and business entrepreneurs. The students should observe that financial specialists are much better able than individual savers to analyze and handle the various levels of potential risk involved in personal loans or business investments.

Ask each student to recommend what a family should do with $5,000 of savings it doesn't expect to spend within a year. Then ask the class how its recommendation would change if the $5,000 were not needed for 3 months, for 2 years, or for 5 years. The students should defend their answers. Note that one must be willing to accept higher risks for the opportunity of progressively greater earnings.

Review new terms that are learned during this activity and discuss vocational opportunities in financial institutions. Consider a bulletin board display focusing on "Saving in our Community and its Effect on Economic Growth."

4. Have the students list as many different types of producers' or capital goods as they can.

Prepare bulletin board displays showing and contrasting producers' goods and consumers' goods.

Assign the following topics to student committees for study and panel discussions: (a) The difference between consumer goods and producer or capital goods; (b) the economic effects (on society) of an individual's building a home for himself (a consumer good) versus a business firm's building and equipping a new or expanded plant (a capital good); (c) the economic difference between an individual's buying a share of previously issued stock in the Ford Motor Company or General Motors and the investment by a businessman in a new plant; and (d) the economic difference between the decision by an individual to build a new home versus a decision to purchase a home that was built in some previous period.

Economic Ideas	Activities
5. Corporate savings provide one source of funds for capital (plant and equipment) expansion.	5. Have a businessman visit the class to explain some of th sidered when a business organization makes a decision to effect, to create new capital). Ask him to discuss what fa deciding whether to (a) retain earnings in the business (rat in dividends); (b) raise money from outside the busine savings); or (c) use some combination of both. Also have depreciation allowances in replacing outmoded and worn
6. Changes in the amounts of saving and investment have significant effects upon the level of national income, the level of employment, and the rate of economic growth in our society.	6. Have students investigate the following questions: If the a American citizens were to become greater than the amou year what would be the effect on (a) capital formation? (b income? (c) the level of employment? and (d) the rate of e would these four factors be affected if the amount of plann become greater than the amount of planned saving? Note: Savings *not invested* either directly or by way of fin tend to restrict total spending and the level of economic when national investment is greater than saving, total spe economic activity will increase. If the economy is already ployment, additional investment over saving will usually in At this point, discuss how important it is for the consu understanding of how the entire economy functions. With understanding, he will be able to make better personal e also contribute more effectively as a voter and citizen to that will promote general economic prosperity and enable h compensation for his own produc ivity.

Ideas	Activities
de one source of funds for pment) expansion.	5. Have a businessman visit the class to explain some of the factors that are considered when a business organization makes a decision to expand (a decision, in effect, to create new capital). Ask him to discuss what factors are considered in deciding whether to (a) retain earnings in the business (rather than pay them out in dividends); (b) raise money from outside the business (via other people's savings); or (c) use some combination of both. Also have him discuss the role of depreciation allowances in replacing outmoded and worn-out equipment.
of saving and investment upon the level of national ployment, and the rate of r society.	6. Have students investigate the following questions: If the amount of saving by all American citizens were to become greater than the amount of investment next year what would be the effect on (a) capital formation? (b) the level of national income? (c) the level of employment? and (d) the rate of economic growth? How would these four factors be affected if the amount of planned investment were to become greater than the amount of planned saving? Note: Savings *not invested* either directly or by way of financial institutions will tend to restrict total spending and the level of economic activity. Conversely, when national investment is greater than saving, total spending and the level of economic activity will increase. If the economy is already operating at full employment, additional investment over saving will usually increase inflation. At this point, discuss how important it is for the consumer to have a general understanding of how the entire economy functions. With this societal economic understanding, he will be able to make better personal economic decisions and also contribute more effectively as a voter and citizen to governmental policies that will promote general economic prosperity and enable him to receive optimum compensation for his own productivity.

Definition of Terms

Capital formation — The creation of capital goods made possible through savings.

Demand — At a given time, the quantities of goods, services, and resources purchasers are able and willing to buy at all the various prices. (Economists consider demand to be a set of price/quantity relationships with each price/quantity relationship an element in the set.)

Economic growth — An economic condition which exists when a nation is steadily better able to satisfy its wants by increasing the level of per capita GNP. The increase in per capita GNP is prompted by increased efficiency or increased resource utilization or both.

Entrepreneur — The businessman who not only has the know-how of combining resources to produce goods and services but also is willing to risk making either a profit or a loss.

Financial institution — Businesses, such as banks, credit associations, savings and loan, insurance, and mortgage companies, engaged in the economic activity of borrowing savings of individuals and businesses and, in turn, lending the monies to other individuals and businesses.

Gross National Product (GNP) — The money value of all goods and services produced within a country during a specific period of time, usually a year.

Inflation — A widespread rise in the prices of goods, services, and resources.

National income — The total net earnings to the various factors employed in the production of final goods and services during a specific period of time, usually a year. (GNP minus capital consumption allowance and indirect business taxes.)

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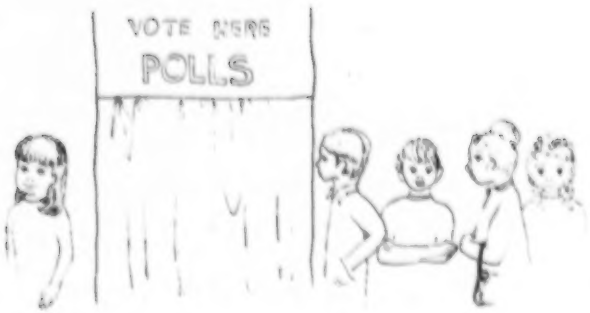


PERSONAL ECONOMICS

Overview

The Allocation of Resources and the Decisionmaking Process

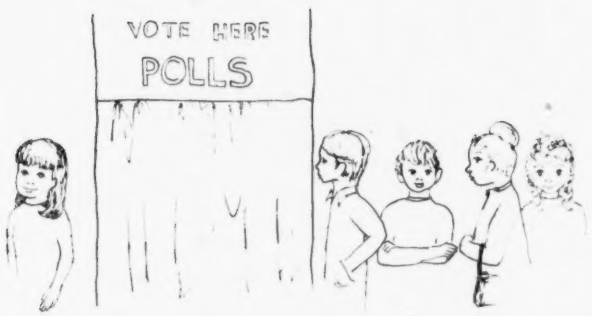
While the study of social or societal economics is concerned with how a society allocates its scarce resources to produce, distribute, and consume goods and services, the study of personal or consumer economics focuses upon how the individual or family unit allocates its scarce resources to satisfy personal needs or wants. The interrelation of the two areas of study cannot be overemphasized.

The basic economic problem of limited resources versus unlimited wants at every level brings about the necessity of economic decisionmaking, on both the societal and personal level, thus pointing up the need for a thorough understanding of how the process of rational decisionmaking comes about. The obvious outcome of rational choice making at the personal level is a more efficient utilization of the scarce resources available and a much higher degree of continuing satisfaction over time for the individual.

Although the economic decisions of each individual or family unit, in and of themselves, do not very measurably affect the overall economy of the society, the total of these decisions having to do with personal earnings, spending, saving, borrowing, and investing have far-reaching impact on both the private and public sectors of a market economy where much emphasis is placed on individual freedom of choice in the market place.

Therefore, personal economic decisionm
determine how choice-making affects the
producer and consumer, and how it affects
citizen in today's complex social, political,
the individual casts his "dollar vote" (hopef
decision) for certain goods and services in
fluencing economic activity in the private
should he utilize his political vote base
decisionmaking process in order to have
decisions made in the public sector — deci
have an increasingly important and long-la
social, economic, and political life.

Essential then is thorough grounding
decisionmaking and the factors which i
ability of the student to independently app
at a rational choice is the behavioral objecti
undertake to have the student achieve. If
tained, the student should be able to conti
into his adult life, and thus achieve a much
in each of his roles as a producer, consumer,



PERSONAL ECONOMICS

Overview

The Allocation of Resources and the Decisionmaking Process

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omic decisions of each individual or family unit, in not very measurably affect the overall economy tal of these decisions having to do with personal ving, borrowing, and investing have far-reaching rivate and public sectors of a market economy is placed on individual freedom of choice in the

Therefore, personal economic decisionmaking should be studied to determine how choice-making affects the individual in his role as a producer and consumer, and how it affects his role as a participating citizen in today's complex social, political, and economic life. Just as the individual casts his "dollar vote" (hopefully, as a result of a rational decision) for certain goods and services in the market place thus influencing economic activity in the private sector of the economy, so should he utilize his political vote based upon the same rational decisionmaking process in order to have an influence upon those decisions made in the public sector — decisions which will continue to have an increasingly important and long-lasting impact upon his own social, economic, and political life.

Essential then is thorough grounding in the process of rational decisionmaking and the factors which influence this process. The ability of the student to independently apply this process and to arrive at a rational choice is the behavioral objective which the teacher should undertake to have the student achieve. If the desired outcome is attained, the student should be able to continue to utilize the process on into his adult life, and thus achieve a much higher level of satisfaction in each of his roles as a producer, consumer, and citizen.

PERSONAL ECONOMICS

The Allocation of Resources and the Decisionmaking Process

Economic Ideas	Activities
1. Relatively scarce resources place limitations on society's ability to satisfy its wants or needs, thereby necessitating the making of choices as between possible alternative wants or needs.	1. a. Have students provide a list of goods and services which the teacher can list on the chalkboard such a police protection, schools, etc. Assume its level of and show that in order to increase the amount of one reduce the level of other good(s) and/or service(s) some increase in resources (additional taxes or bo decisions must be made as to what goods and ser what will remain at a constant level, what new a services may be supplied, and what goods and se reduced. b. Have students assume some level of income for a per with no savings and no ability to borrow for this per how they would allocate their resources in order to wants.
2. The true cost of anything is the value of what must be foregone in order to obtain that which is desired. The economist identifies this as "opportunity cost."	2. Have each student make a list of 5 to 10 items which he n students have completed their lists, allow them to assum spend and no more, but that their food, clothing, and sh student should then choose from his list those items which sum of money. Have the students explain why they cho other alternatives on their list and what it is actually cos terms, but in what they had to give up. Did the benefits their purchase(s) exceed their cost(s) (in terms of what th forego)?
3. Rational choice-making required the choosing of that alternative wherein the benefits derived from it exceed its cost in terms of other alternatives which must be foregone.	3. The following question can then be put to several of the know that you have made a rational choice from your l expected benefits from the choice should exceed its cos measured in terms of the alternatives which had to be give

PERSONAL ECONOMICS

The Allocation of Resources and the Decisionmaking Process

omic Ideas	Activities
esources place limitations on satisfy its wants or needs, ng the making of choices as lternative wants or needs.	1. a. Have students provide a list of goods and services provided by government which the teacher can list on the chalkboard such as highways, health care, police protection, schools, etc. Assume its level of resources to be constant and show that in order to increase the amount of one good or service, it must reduce the level of other good(s) and/or service(s) supplied. Now assume some increase in resources (additional taxes or borrowing) and show that decisions must be made as to what goods and services will be increased, what will remain at a constant level, what new and different goods and services may be supplied, and what goods and services may possibly be reduced. b. Have students assume some level of income for a period of three months but with no savings and no ability to borrow for this period. Then have them list how they would allocate their resources in order to satisfy their needs and wants.
nything is the value of what order to obtain that which is mist identifies this as "op-	2. Have each student make a list of 5 to 10 items which he needs or wants. After all students have completed their lists, allow them to assume that they have $50 to spend and no more, but that their food, clothing, and shelter are provided. Each student should then choose from his list those items which he can obtain with this sum of money. Have the students explain why they chose the item(s) from the other alternatives on their list and what it is actually costing them, not in dollar terms, but in what they had to give up. Did the benefits which they derived from their purchase(s) exceed their cost(s) (in terms of what they would be required to forego)?
king required the choosing of rein the benefits derived from n terms of other alternatives gone.	3. The following question can then be put to several of the students: How can you know that you have made a rational choice from your list of alternatives? The expected benefits from the choice should exceed its costs when these costs are measured in terms of the alternatives which had to be given up.

Economic Ideas	Activities
4. Reasoning through the decisionmaking process in economics involves the following steps: (a) define the problem; (b) identify and evaluate objectives in terms of goals, values, and resources; (c) examine alternative methods of achieving the stated objectives and analyze the probable consequences of each alternative; (d) choose the best alternative in terms of the stated objective; (e) evaluate the decision in terms of the rule of rational choice; i.e., that the benefits derived from the decision or choice exceed its cost. (See Economic Idea No. 3 above.)	4. Have the students divide into small groups and attemp by-step system for rational decisionmaking about son group should appoint one person to report to the class reasonable time has elapsed, reassemble the class and no one group may have the complete system, each m steps very well thought out and aptly stated. From steps which may be necessarily supplied by the t construct the rational decisionmaking system shown i Have some members of the class prepare oral and w would apply the decisionmaking process to the purc service. Have others apply the process to borrowing. others could be assigned to apply the decisionmaki choice. Some students could elect or be assigned to applying the process to decisionmaking about the mer regulation (such as the Uniform Consumer Credit certain public goods and services. As feasible, each st evaluate the effects of his decision in terms of benef individual.

nomic Ideas

the decisionmaking process in
s the following steps: (a) define
dentify and evaluate objectives
s, values, and resources; (c)
ve methods of achieving the
and analyze the probable
ach alternative; (d) choose the
terms of the stated objective;
ecision in terms of the rule of
, that the benefits derived from
choice exceed its cost. (See
o. 3 above.)

Activities

4. Have the students divide into small groups and attempt to develop a logical step-by-step system for rational decisionmaking about some economic problem. Each group should appoint one person to report to the class upon reassembling. After a reasonable time has elapsed, reassemble the class and call for the reports. While no one group may have the complete system, each may have one or more of the steps very well thought out and aptly stated. From the reports, and with the steps which may be necessarily supplied by the teacher, have each student construct the rational decisionmaking system shown in Economic Idea No. 4.

   Have some members of the class prepare oral and written reports on how they would apply the decisionmaking process to the purchase of a desired good or service. Have others apply the process to borrowing, saving, or investing. Still others could be assigned to apply the decisionmaking process to occupational choice. Some students could elect or be assigned to perform the role of citizens applying the process to decisionmaking about the merits of a certain government regulation (such as the Uniform Consumer Credit Code) or the allocation of certain public goods and services. As feasible, each student should be required to evaluate the effects of his decision in terms of benefits and costs to him as an individual.

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Oklahoma's Uniform Consumer Credit
the Department of Consumer Affairs, 1
Walnut), Oklahoma City, Oklahoma 73

"There Ought to be a Law!," 30-minute, 16
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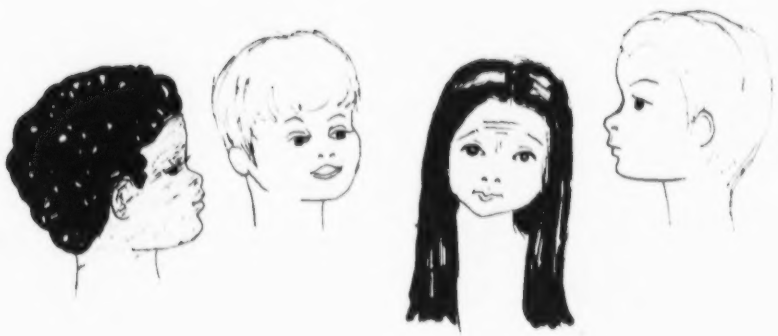
"A Good Law!," 12-minute color filmstrip with sound explaining Oklahoma's Uniform Consumer Credit Code. Available free from the Department of Consumer Affairs, P. O. Box 838 (408 North Walnut), Oklahoma City, Oklahoma 73104.

"There Ought to be a Law!," 30-minute, 16 mm. color film explaining the Uniform Consumer Credit Code and its historical development. Available on free loan from the Department of Consumer Affairs, 3033 N. Walnut, East Building — Room 213, Oklahoma City, Oklahoma 73105.



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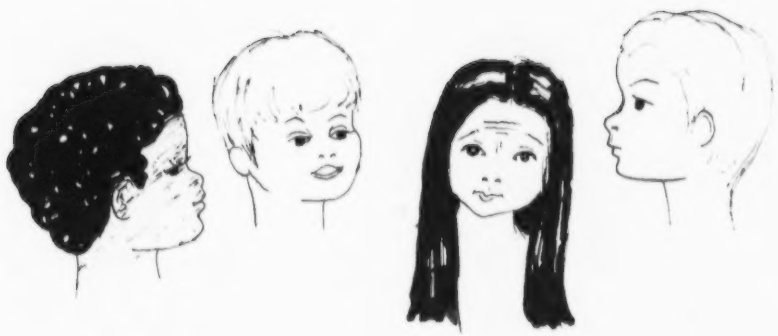

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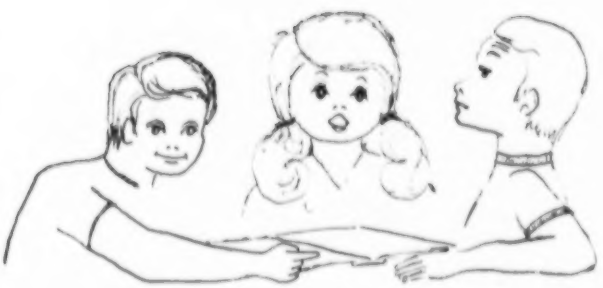


GENERAL GLOSSARY

Barter – The direct exchange of one commodity or service for another without the use of money to fill unsatisfied wants.

Budget – A plan which classifies individuals', families', communities', or nations' estimated income by source and the way the income was or will be spent within a fixed time period.

Capital formation – The creation of capital goods made possible through savings.

Capital good – A good used in the production of other goods rather than to satisfy a human want directly.

Centraliy directed economy – (Command economy) A system by which the decisions of what goods and services are to be produced, by whom, how, and for whom are made by an individual or a small group. Typically the resources are owned by the people as a whole.

Coins – Metal items used as money.

Collective wants – Goods and services which members of a society seek together. For example, streets satisfy the desire of many people for a transportation system.

Commercial bank – A financial institution w
accept demand deposit
dividuals or businesses

Comparative advantage – The principle which stat
from international trade
exports goods in which
efficiency and imports g
relative efficiency.

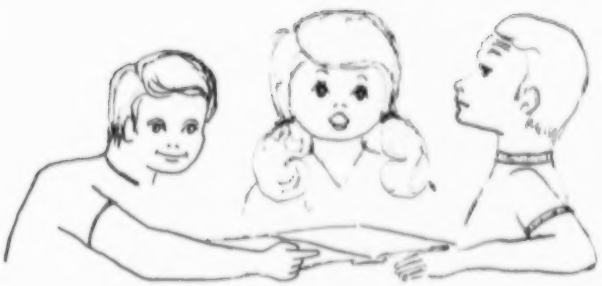
Competition – A situation in which two
an advantage over the
products or services to

Consumer good – Goods used directly in
either for short periods
long periods of time (d

Consumers – Individuals, families, b
ments who acquire good

Consumption – The utilization of goo
human wants.

Credit – A promise of future payr
goods, services, or mon



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ds and services which members of a society seek ther. For example, streets satisfy the desire of y people for a transportation system.

Commercial bank – A financial institution whose primary function is to accept demand deposits and extend loans to individuals or businesses for a relatively short time.

Comparative advantage – The principle which states that nations will benefit from international trade if each nation produces and exports goods in which it has the greatest relative efficiency and imports goods in which it has the least relative efficiency.

Competition – A situation in which two or more parties seek to gain an advantage over the other(s) in selling similar products or services to the same buyer.

Consumer good – Goods used directly in satisfying human wants, either for short periods of time (nondurables) or for long periods of time (durables).

Consumers – Individuals, families, business firms, and governments who acquire goods and services for **final** use.

Consumption – The utilization of goods and services to satisfy human wants.

Credit – A promise of future payment in exchange for present goods, services, or money.

Currency – Paper bills used as money which are issued by government or its agent.

Demand – At a given time, the quantities of goods, services, and resources purchasers are able and willing to buy at all the various prices. (Economists consider demand to be a set of price/quantity relationships with each price/quantity relationship an element in the set.)

Demand deposits – (Checking account) Money placed in commercial banks upon which checks can be written. At the request of the owner of the money, the banks will pay the money to whomever the owner wishes.

Depression – A situation which extends over a relatively long time period when business activity is exceptionally slow. Main traits of the period are low prices, low profits, low production and high unemployment.

Discount rate – The interest rate a commercial bank must pay to borrow money from a federal reserve bank.

Dividend – Payments to owners of corporate stock. Usually the payments are made from current corporate profits. (Economists consider dividends a return to the ownership of capital.)

Economic development – An economic condition which exists when a nation is steadily better able to satisfy its wants by increasing the level of per capita GNP. The increase in per capita GNP is prompted by changes in the technical and institutional processes of production.

Economic efficiency – To make the best possible use of available resources. Efficiency is usually measured by the per unit cost of goods and services, or the productivity of resources.

Economic freedom – The principle that individua economy in that they are g choose their own jobs, to buy to enter into or dissolve a

Economic goods – Things people, families, cor use to satisfy their wants th Some goods, such as food, other, such as machinery satisfy wants.

Economic growth – An economic condition which steadily better able to sat creasing the level of per capi per capita GNP is prompted or increased resource utiliz

Economic services – The work of people, such a musicians, whose activities individuals, families, comm

Effective demand – At a given time, the quant and resources purchasers ar at all the various prices. demand to be a set of price with each price/quantity re the set.)

Efficient – To make the best possible u Efficiency is usually measu of goods and services, resources.

Entrepreneur – The businessman who not o combining resources to pro but also is willing to risk n loss.

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Economic freedom – The principle that individuals have mobility in the economy in that they are guaranteed the right to choose their own jobs, to buy and sell property, and to enter into or dissolve a business.

Economic goods – Things people, families, communities, and nations use to satisfy their wants that are relatively scarce. Some goods, such as food, directly satisfy wants; other, such as machinery and tools, indirectly satisfy wants.

Economic growth – An economic condition which exists when a nation is steadily better able to satisfy its wants by increasing the level of per capita GNP. The increase in per capita GNP is prompted by increased efficiency or increased resource utilization or both.

Economic services – The work of people, such as teacher, repairmen, or musicians, whose activities satisfy the wants of individuals, families, communities, and nations.

Effective demand – At a given time, the quantities of goods, services, and resources purchasers are able and willing to buy at all the various prices. (Economists consider demand to be a set of price/quantity relationships with each price/quantity relationship an element in the set.)

Efficient – To make the best possible use of available resources. Efficiency is usually measured by the per unit cost of goods and services, or the productivity of resources.

Entrepreneur – The businessman who not only has the know-how of combining resources to produce goods and services but also is willing to risk making either a profit or loss.

Export – Goods, services, and resources produced by individuals and businesses of one nation and **sold** to residents, businesses, or governments of another nation. An outflow of domestically produced goods and services.

Free trade – In international trade, the absence of export and import duties or any regulations designed to reduce or prevent trade.

Federal Deposit Insurance Corporation – (FDIC) A public corporation created by the United States government in 1933 to insure deposits in banks and thereby protect depositors against loss in case an insured bank fails or suspends payments to depositors. Deposits are insured up to $20,000.

Federal Reserve System – A system of federal banks, one in each of 12 federal reserve districts of the country, a Board of Governors, a Federal Open Market Committee, a Federal Advisory Council, and member banks which include all national banks and such state banks who have voluntarily applied for membership. The primary function of this system is to control the nation's money supply to achieve stability.

Financial institutions – Businesses, such as banks, credit associations, savings and loan, insurance, and mortgage companies, engaged in the economic activity of borrowing savings of individuals and businesses and, in turn, lending the monies to other individuals and businesses.

Foreign exchange market – Financial center where foreign and domestic currency is bought and sold.

Fractional reserve system – A plan that requires comm States to hold a stated p reserves. Under this syst make loans and therefore

Free enterprise economy – (Private enterprise eco production, distribution, a services, and resources owned by individuals w motivated but also are fre they choose.

Gross National Product – (GNP) The money value produced within a country time, usually a year.

Import – Goods, services, and businesses and individual **chased** by residents, busi another nation. An inflow and services.

Income tax – A tax on the net incon porations, usually with pr important source of feder

Inflation – A widespread rise in the and resources.

Interest – Payment for the use of n else, thus income to those (Economists consider int ownership of capital.)

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ncial center where foreign and domestic ency is bought and sold.

Fractional reserve system – A plan that requires commercial banks in the United States to hold a stated portion of their deposits as reserves. Under this system commercial banks can make loans and therefore create additional money.

Free enterprise economy – (Private enterprise economy) Organization of production, distribution, and consumption of goods, services, and resources by businesses which are owned by individuals who not only are profit motivated but also are free to use their resources as they choose.

Gross National Product – (GNP) The money value of all goods and services produced within a country during a specific period of time, usually a year.

Import – Goods, services, and resources produced by businesses and individuals of one nation and **purchased** by residents, businesses or governments of another nation. An inflow of foreign produced goods and services.

Income tax – A tax on the net income of individuals or corporations, usually with progressive rates. The most important source of federal revenue.

Inflation – A widespread rise in the prices of goods, services, and resources.

Interest – Payment for the use of money owned by someone else, thus income to those who lend money to others. (Economists consider interest as a return to the ownership of capital.)

Installment credit – Goods or services purchased on terms which call for partial payments over a specified time period.

Investment – Purchase of capital goods and/or additions to inventory. (Economists' and laymen's terminology relative to the denotation of this word varies. When an individual buys stock, this is considered by economists as a financial transaction. When a business purchases additional machinery or adds to its inventory, this is considered to be investment.)

Labor – (Human resource) One of the factors of production involving human effort in the production of goods and services.

Market – Any situation in which exchange takes place. The exchange may be either in the form of goods, resources, or services for money or for other goods, services, or resources.

Monetary policy – Actions taken by the Federal Reserve System to change the rate of growth of the money supply to promote full-employment, price stability and economic growth.

Money – All things which are acceptable as final payment in exchange for resources, goods, or services. Today, most nations use coins or currency as money.

Monopoly – A market situation in which there is only one seller of a product and there are no acceptable substitutes.

National Income – The total net earnings to the various factors employed in the production of final goods and services during a specific period of time, usually a year. (GNP minus capital consumption allowance and indirect business taxes.)

Natural resources – All things created by na production of goods and se

Open market operations – The buying and selling of go federal reserve banks und regulations of the Federal O to promote economic stabili

Opportunity cost – (Alternative cost) Since r services may be used in m satisfy wants, the cost of usi and resources to satisfy o giving up the opportunity of any other want.

Producers – (Capital goods) Goods used other goods.

Production – The process of engaging in which adds value to goods a creation, transportation, and to the amount of goods an forth and in this sense is equi

Productivity – The amount of goods and producer in a given period of in output per man-hour.

Profit – Income remaining after all business are paid. (Econom return to entrepreneurs for

Property tax – A set charge by governme tangible property owned businesses. The value of the by a representative of the g

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Natural resources – All things created by nature, useable in the production of goods and services.

Open market operations – The buying and selling of government securities by federal reserve banks under the direction and regulations of the Federal Open Market Committee to promote economic stability.

Opportunity cost – (Alternative cost) Since resources, goods, and services may be used in many different ways to satisfy wants, the cost of using the goods, services, and resources to satisfy one particular want is giving up the opportunity of using them to satisfy any other want.

Producers – (Capital goods) Goods used in the production of other goods.

Production – The process of engaging in any kind of activity which adds value to goods and services, including creation, transportation, and storage. It also refers to the amount of goods and services that comes forth and in this sense is equivalent to output.

Productivity – The amount of goods and services made by a producer in a given period of time, usually measured in output per man-hour.

Profit – Income remaining after all costs of operating a business are paid. (Economists consider profit a return to entrepreneurs for incurring risks.)

Property tax – A set charge by governments on the value of tangible property owned by individuals and businesses. The value of the property is determined by a representative of the government.

Public good – (Social good) Goods provided by governments which help satisfy the collective wants of people. Usually the goods are such that people as individuals are unable or unwilling to provide them efficiently.

Quota – Share, allotment, or limit.

Recession – A situation in which business activity is slowing down or contracting. Primary traits of the period are decreasing prices, decreasing profits, and increasing unemployment.

Rent – Payment for the use of natural resources. (Economists consider rent to be a return to the ownership of land.)

Reserve requirement – The relationship of the amount of money a commercial bank must retain in a reserve account with a federal reserve bank plus vault cash to total demand deposits.

Resource allocation – The distribution of land, labor, capital, and entrepreneurship in the production of goods and services.

Sales tax – A set amount which individuals and business firms must pay to city and state governments. The amount paid to governments depends upon the sale price of the good or service purchased.

Savings – That part of income not spent for consumer goods; also, the retained earnings of businesses and the excess of government revenue over expenditures.

Scarcity – The condition of resources, goods, and services not being plentiful in relation to the wants of individuals, families, communities, or nations.

Sherman Anti-Trust Act – Act passed in 1890, whic conspiracies in restrai forbids monopolies or

Social good – (Public good) Goods p which help satisfy the Usually the goods ar dividuals are unable o efficiently.

Special-ization – (Division of labor) A si confine their activities t good or a nation confi particular goods best s

Stability – An economic condition period of time the same same amount of resou

Supply – At a given time, the qua owners are able and will various prices. (Econom set of price/quantity price/quantity relation

Tariff – A schedule of set charg imported or exported. I only imported goods a

Technology – (Management; entrepr know-how, and ability goods and services.

Time deposit – (Savings account) An interest is usually pai cannot be written.

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Sherman Anti-Trust Act – Act passed in 1890, which prohibits combinations or conspiracies in restraint of interstate trade and forbids monopolies or the attempt to monopolize.

Social good – (Public good) Goods provided by the government which help satisfy the collective wants of people. Usually the goods are such that people as individuals are unable or unwilling to provide them efficiently.

Specialization – (Division of labor) A situation in which individuals confine their activities to making a certain part of a good or a nation confining its activities to making particular goods best suited to its resources.

Stability – An economic condition which exists when over a period of time the same amount of money buys the same amount of resources, goods, and services.

Supply – At a given time, the quantities of goods and services owners are able and willing to offer for sale at all the various prices. (Economists consider supply to be a set of price/quantity relationships with each price/quantity relationship an element in the set.)

Tariff – A schedule of set charges by government on goods imported or exported. In the United States usually only imported goods are affected.

Technology – (Management; entrepreneurship) The knowledge, know-how, and ability to use resources to produce goods and services.

Time deposit – (Savings account) An account in a bank on which interest is usually paid but against which checks cannot be written.

Trade deficit – In international trade, a condition where the money value of a country's merchandise imports exceed the money value of its merchandise exports for a specific period of time.

Under-developed country – A country which is not fully using the economic potential of its resources, thus the per capita income usually is relatively low when compared to industrialized nations.

Utility – The ability to satisfy a huma subjective appraisal depend concerned and the object c

Wealth – The total market value of

national trade, a condition where the money
country's merchandise imports exceed the
alue of its merchandise exports for a specific
f time.

ry which is not fully using the economic
l of its resources, thus the per capita income
is relatively low when compared to in-
zed nations.

Utility – The ability to satisfy a human want or desire. It is a subjective appraisal depending upon the individual concerned and the object considered.

Wealth – The total market value of all economic goods.